

CURRENT HISTORY

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The People's Republic of China, 1983

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Current History

SEPTEMBER, 1983

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Where is China headed in its new economic experiments? This and other issues are examined here. China's foreign policy course is charted in our lead article, which notes that shifts in China's relations with the United States and the U.S.S.R. "have occurred roughly every ten years and approximately at the turn of each decade. Now the triangle is well into its fourth post-World War II decade, and Chinese policy is again on the move."

China's Dynamism in the Strategic Triangle

BY THOMAS W. ROBINSON

Professor of International Relations, School of Foreign Service, Georgetown University

THE Sino-Soviet-American strategic triangle forms the base of international politics, just as it has since 1950, even though China possesses nowhere near the kind of net power available to the United States and the Soviet Union. It has been that way for a third of a century because of China's potential power, not its actual might, and because Washington and Moscow have chosen to regard Beijing as the third member of the triad. Since China has been the weakest of the three, it has had to accommodate its general international orientation and many of its specific policies to power realities within the triangle. Thus, for Beijing, the most important questions have always been: which of the superpowers is the greater enemy? and is the danger so high that major compromises must be made with the other?

During the 1950's, the greater enemy was the United States, while in the 1970's it was the Soviet Union; in each case China was driven to lean far to the side of the other superpower. The result was the Sino-Soviet alliance of 1950, on the one hand, and Sino-American rapprochement and the ensuing proto-coalition, on the other. Only during the 1960's, when Beijing perceived Washington and Moscow to be in such mutual contention and in so much difficulty at home, did Chinese decision-makers consider it possible to adopt a policy of relative independence (or, in the Cultural Revolution, of comparative isolation). The consequence in that instance was a third-world-first policy and a cavalier attitude toward the superpowers.

Given nuclear plentitude, the United States and the Soviet Union perforce had to treat each other as the constant opponent, on whose relations all else de-

pended. Only China possessed the relatively great capability to swing from one pole of the superpower dichotomy to the other. And that capability, together with China's relative weakness, explains much but not all (domestic politics and the weight of Chinese culture and history are also important elements) of the variance of Chinese foreign policy and with it the dynamism of the strategic triangle. The best example of this variance is China's instrumental approach to third world revolutionary movements and to America's principal regional allies, West Europe and Japan. In each case, Beijing adopted a policy of support or opposition, depending on the character of the strategic triangle and its own self-perceived role in it. When, however, the Soviet Union replaced the United States as the international *bête noire*, Beijing switched to supporting states on Washington's side of the great East-West divide and minimized (although it did not cease) its self-appointed godfather relationship with third world revolutionaries and radical state leaders.

Although it is probably fortuitous, China's foreign policy shifts have occurred roughly every ten years and approximately at the turn of each decade. Now the triangle is well into its fourth post-World War II decade, and Chinese policy is once again on the move. Having in effect lost its policy independence in the 1970's, thanks to the Soviet threat and the American embrace, China became increasingly uncomfortable with its situation around 1978-1979 and began to look for facts and trends that would allow it to restore its autonomy.

First, and most important, Beijing reappraised the Soviet threat and came to the conclusion (surprisingly

late, considering the realities of the situation) that the Russians would probably not attack after all. True, Moscow was well-positioned to do so, having upped its military strength east of Lake Baikal to nearly 55 modern divisions, about 1,200 up-to-date aircraft, and at least 1,000 nuclear missiles, many with multiple warheads. But why, Beijing asked itself, with all that buildup and with the People's Liberation Army in no position to stop the Red Army if it did come, did the Russians not launch an attack? The answer was that Moscow apparently had no real intention to do so. While the Russians had overgarrisoned their China border, as they always did when faced with a perceived threat, analysts in the Chinese Foreign Ministry, the army, and the newly resuscitated foreign policy research institutes concluded that Moscow was really not interested in a large, territory-grabbing invasion of China or even in a nuclear strike.

The second reason militating in favor of redirecting Chinese policy was the fact that the Soviet Union had turned its attention away from Asia and toward more pressing issues of strategic arms competition with the United States, the European question (the Polish issue as well as the Central Front problem), its own costly military intervention in Afghanistan, and the time bombs in the Middle East. What to do about China thus slipped to fifth place in Soviet policy priorities. When coupled with the stagnation surrounding the era of the late Leonid Brezhnev, mounting economic and social problems at home, and the need for the new Yuri Andropov leadership to consolidate its power, Russian inclinations to use military force against China faded even further. This, incidentally, also helps explain why Moscow for years held the door open to Beijing and why both Brezhnev and Andropov responded to even faint hints of Chinese reciprocity.

If the Chinese thus became less fearful of the Russians at the turn of the decade, they also became more suspicious of the United States. Chinese motivations behind the deliberate distancing from Washington that has been the central component of the drive for renewed policy independence are complex and generally misunderstood. For one, by the end of the 1970's America and China had achieved most of the relatively easy gains on the path to full and equitable ties. Initial contacts had been made nearly a decade earlier: liaison offices were set up; trade was restored; official recognition was accomplished; a series of bilateral agreements were signed; and a large flow of delegations, students, and tourists had been initiated. There was more to be done, to be sure, especially in the realm of trade and technology and in coming to terms on the issue of the United States arms supply to Taiwan; but essentially most of the initial gains had been made.

Indeed, the very success of this phase brought con-

comitant problems: American cultural influence in China was spreading in directions and at a pace unpalatable to the Chinese Communist party leadership; defections among Chinese students and others in the United States were increasing to the point where statistical measures could be kept; promises made (or thought by the Chinese to have been made) by the flurry of Carter-era official missions were found for various reasons not to have been implemented in detail or to have been impeded by the follow-on Reagan administration; and President Ronald Reagan's attitude itself was characterized by a pro-Taiwan orientation highly disconcerting to Beijing. Thus, like the stock market, upside potential in Sino-American relations by the early 1980's was small.

Downside potential was much higher. Not merely because of the growing problems, however (which list could be extended and by 1983 was already reasonably long), but because China itself appears to have made a deliberate decision to move away from the United States. Existing issues were therefore exacerbated; new problems were found or taken advantage of; and an imperious, anti-American attitude was adopted whenever it seemed politic, which was increasingly often. Chinese leaders felt more and more uncomfortable compromising with the United States on important questions, especially at critical domestic and international junctures. In December, 1978, the normalization communiqué had been made possible because Beijing caved in at the last moment on the Taiwan questions to clear the deck for American connivance at the Chinese invasion of Vietnam two months later. And in August, 1982, in order to strengthen his hand at the party congress the next month, Chairman of the party military commission Deng Xiaoping signed a joint communiqué on United States arms supplies to Taiwan that covered up a general Chinese retreat on the issue.

Of perhaps equal importance, China had obtained most of the military benefits it could hope for from American strategic buttressing against Soviet military threats and was concerned lest it slip into a position of dependency on an American supply of conventional arms and military technology. (That was also related to the Taiwan question: if China had agreed to purchase or otherwise receive a large flow of American military assistance to strengthen its Soviet border, Washington was likely to drop the other shoe and transfer equal quality high technology military goods to Taipei to keep the balance in the Taiwan Straits.)

In one sense, China was in a dilemma in its relations with the United States. On the one hand, it desperately desired to free itself from the American embrace and from the consequent influence of United States policy on its own freedom in foreign affairs. Only by moving away from Washington and addressing its differences with Moscow could Beijing arrive at a long-range po-

sition of relative equidistance from both capitals and, on that basis, knock in earnest at the door of the third world, where China claimed to have discovered (or rediscovered) its future. On the other hand, it could not move too fast or even too far. The residual American military commitment might drop away entirely and cause greater American worry about the defense of Taiwan. And the increasing flow of American and American-controlled technology, know-how, goods, and capital crucial to the success of the four modernizations might dry up when it had hardly begun. The economic factor in particular caused Beijing to tread carefully with the United States and its European and Asian allies, because it would be a disaster were the economic ties so painstakingly worked out to break or even fray.

Given the risks, it is surprising how close to the line China played the game of political chicken with the United States. In practically every instance, the Chinese regime raised to the state level issues that could have been solved privately or ignored entirely. There were, first, the textile negotiations, which failed to reach a compromise. The United States offered to treat China exactly as it treated other Asian states in a similar position by continuing Beijing's percentage of the American market and by increasing import quantities uniformly. China, however, demanded special treatment, an increasing share of the American market, and a larger percentage increase in deliveries than past trends would warrant.

There was, second, the China Dynasty railway bonds case, which (as of this writing) is also at an impasse. China not only refused to accept responsibility for pay-off, even at a low rate on the dollar, but even refused to appear in court to say so (on the questionable grounds of state sovereignty, international law to the contrary), and then told the United States government that it should take care of those obstreperous investors itself. This was not really a case of misunderstanding the American political and judicial system of separation of powers but deliberate exacerbation of an issue that could have been handled expeditiously.

And third, there was the Pan American landing rights problem. The airline had been flying to Shanghai and Beijing for two years, the only airline empowered to do so under the civil aviation agreement between the two countries. By 1983, it was clear that the Mainland China route was relatively unprofitable and that, in the fierce competition for profits in an unregulated world, flying to other spots in Asia made sense. Taipei in particular was attractive because of its increasingly high volume of traffic. But when Pan American announced in mid-year that it was restoring its Taipei link, Beijing not only protested to the United States government (on what legal grounds is not clear) but sought to punish the airline directly. It did not throw Pan Am out of Beijing, to be sure, lest its own

airline find itself excluded from the United States in return, but it was apparent that even in this comparatively minor instance China was willing to go to the wall, or almost.

These were small issues when matched with three larger problems: the defection of tennis star Hu Na and its sequelae, differences over the rate and kinds of technology transfer, and the Taiwan arms supply question. In each of these instances, a portion of the blame must, in all fairness, fall on the United States. Hu Na, the tennis star who elected to remain in the United States, did not have to be granted diplomatic asylum; there were other legal categories that would have permitted her to remain and that would have not contributed to such a disproportionate Chinese response. Technology transfer, having been promised on multiple occasions, was slow not merely because Washington bureaucrats saw fit to apply the letter of the law (which treated China as a not-friendly state) but because the Reagan administration argued internally about what, whether, how much, and how fast technology should be exported to China. And with regard to the Taiwan arms supply question, despite the State Department's attempt to defuse and postpone the issue, President Reagan went on record in favor of Taiwan's continued autonomy and consistently had to be told by his advisers and convinced that United States interest also lay in a close relationship with Mainland China. Given Deng Xiaoping's ever tenuous hold on power in China and the tendency of his intraparty and army opponents to attack him whenever they found an opening, he naturally felt undermined by President Reagan's statements and was constrained to turn away from the normalization compromise of 1978 and lead the charge to have it out with Washington on this question.

Still, in all three instances Beijing did not have to react so sharply, and the fact that it did demonstrates rising Chinese feistiness and nationalism and the party's deliberate decision to find issues through which to draw away from the United States. If Chinese diplomacy were stupid, it would frequently but inadvertently paint itself into a corner on the issues. But Beijing is not stupid and yet it did just that in all three instances. Early on, it warned Washington that unfortunate consequences would follow an American decision to grant asylum to Hu Na. The Department of State bent over backward on the issue, found itself trumped by President Reagan, and reluctantly tried to reason the Chinese Foreign Ministry out of an over-response. To no avail. In April, Beijing reacted to the American announcement by canceling or cutting back on 10 officially sponsored cultural exchange agreements for 1983. China knew that this action would not serve to "teach a lesson" to the Americans. Rather, it was to put a cap on cultural exchanges as a whole.

Regarding the technology transfer problem, Beijing

concluded that heavy-handed pressure was the best tactic. China therefore made the rapid freeing up of United States technology a test of good state relations and brought the matter to official attention at every juncture. American regulations were indeed complex (14 different regulations applied to the export of computers, for instance) and the policy question as to whether to sell so-called dual-use technology (e.g., capable of civilian and military use) and if so what kinds, was not resolved until mid-1983. Just to accommodate China, Washington created a special technology export category for Beijing, necessary because that country's enemy status during the Korean War had caused many laws to be written against such exports, and finally moved China to the general category of "friendly" (as opposed to the intermediate "friendly but not allied") states. Even when that was accomplished, however, the Chinese demanded proof in detail of the general American intention. By late 1983, large frame computers, nuclear power technology, and oil drilling equipment, among other items, were on their way to China.

TAIWAN

The centerpiece of Sino-American discord remained, naturally, Taiwan. China and the United States have only two choices: to fight or to agree to disagree, that is, to postpone the issue. Postponement is what made normalization possible; but it carries the danger that Taiwan will continue its evolution-through-modernization and move even farther and faster away from the mainland. That inexorable process has moved nearly another half decade since normalization, and Taiwan is probably in even better shape, economically, politically, and socially, than it was in 1979. Beijing is therefore constrained periodically to conduct another foray, and since it cannot yet solve the problem directly, i.e., through the threat or use of military force or a mutually acceptable compromise with Taiwan, it must adopt an indirect approach, which means pressuring Washington. Thus, in 1982 China deliberately increased the temperature on the issue of American arms to Taiwan, the most important of the questions put aside in 1979. But Washington stoutly resisted, not so much because of the State Department and the American Embassy in Beijing—which forecast dire consequences if the United States did not knuckle under to Chinese demands—but because of the White House, the Congress, and the grassroots support that continued to favor Taiwan autonomy. The result was a standoff for many months, and when Deng had to show some kind of progress to his party detractors, this was followed by a verbal compromise that covered a Chinese retreat and changed nothing in essence.

The 1982 August 17 Communiqué, the fourth document forming the base of contemporary Sino-American

relations (along with the 1973 Shanghai Communiqué, the 1979 normalization statement, and the Taiwan Relations Act), largely maintained the status quo. America pledged to adopt "qualitative and quantitative" limits to its arms sales, but the amounts involved were huge: c. \$840 million (1980 dollars) per annum; nothing was said about qualitative-quantitative trade-offs within that figure (which opened up a Pandora's Box as far as the mainland was concerned); and even the \$840 million was in inflation dollars, i.e., the figure could go up with the rate of American inflation, which has been high in recent years. Within the agreement, therefore, the United States could by 1983 probably sell Taiwan around a billion dollars of military goods every year, a level equivalent to that sold to Israel and far beyond Taiwan's present or foreseeable needs. The communiqué also spoke of the gradual reduction and eventual cessation of such supply. But no slope or shape of that downward curve was stated or implied—supply could thus in effect continue indefinitely—and the whole agreement was predicated on American unilateral determination of Taiwan's defense needs, which in turn was linked to its own view of China's peaceful intentions.

As if to demonstrate how true to the new agreement the United States was, shortly after the communiqué a new arms sales package was announced for much less than the top dollar amount possible. But later it was casually revealed that Taiwan would receive 60 "reconditioned" F-104 fighter aircraft, vintage models that would replace a like number of worn-out planes already in the Taiwan inventory. No change "qualitatively or quantitatively," right? Wrong (or at least probably so): "reconditioning" means not only tightening up the nuts and bolts but also installing new engines where appropriate and, more important, upgrading avionics and armaments where possible. A better aircraft results, all within the limits of the agreement. And of course nothing was preventing the United States from selling a very large arms package to Taiwan later in 1983, which could include such new items as ground-to-air missiles.

On other aspects of Sino-American relations, given the increasingly bumpy and dark road the two countries began to travel, things were not so bad. Trade increased, up to around the \$5.2-billion level (two-way); around 10,000 Chinese students studied in the United States without major incident; and a flow of returnees was about to begin (although the United

(Continued on page 276)

Thomas W. Robinson is Sun Yat Sen Professor at Georgetown University. He has published widely on Chinese and Soviet politics and foreign policies, Sino-Soviet relations, Asian international relations and international relations theory, and has traveled extensively in China and the Soviet Union.

According to this author, China's relationship with the third world was weakened during the 1970's; now, "more than ever, China needs to try to maintain good relations with other third world nations. And one can probably be reasonably optimistic about Beijing's prospects for success."

China and the Third World

BY JOHN F. COPPER

Associate Professor of International Studies, Southwestern University

DURING the late 1970's the People's Republic of China (PRC) studiously sought better relations with the United States and a "strategic alignment" with the United States, West Europe and Japan against the "aggressive, hegemonist" Soviet Union. In the same period, with a determination certainly tied to its strategic posture, China tried to increase its commercial ties with the West in order to facilitate its modernization. Both efforts had the effect of downgrading China's relations with third world nations. In the process, many third world nations were either disappointed or alienated.

By 1979-1980, Beijing began to question both the wisdom and the feasibility of its "strategic alignment" policy. Then, at the twelfth party congress held in September, 1982, Chinese leaders officially abandoned this policy and announced a more independent (some called it "equidistant") foreign policy—again putting the United States in the same category with the Soviet Union as a hegemonist superpower. Commensurately, Chinese leaders reemphasized their country's relations with the third world and spoke of an "open to the world policy," apparently to head off possible isolationist advocates.¹

After the September congress, changes in both the content and the image of China's foreign policy became evident. Beijing became more active in terms of contacts with third world nations, sponsored seminars in China on development and other third world issues, supported more strongly than ever before the non-aligned movement, established diplomatic relations

with several new nations (all in the third world), made some moves that gave the impression of reviving its foreign assistance program, and gave new support to the United Nations.² These actions reflected in part a genuine concern that China had in the past several years ignored the third world and that this was both unwise and costly in terms of China's global influence; but some of it was little more than rhetoric.

In the realm of nation-to-nation contacts, Beijing sent higher ranking diplomats on tour, including Premier Zhao Ziyang, who visited ten African nations at the end of 1982. There were also more lower-level delegations during 1983, compared to the previous two years, although third world visits did not increase in percentage terms. Delegations from third world nations visiting China increased even more.³

During the development seminars and symposia held in Beijing, Chinese leaders stressed the importance of the third world in the global arena, noting that third world nations constitute three-fourths of the world's population and 60 percent of its land mass, with many strategic and needed resources. This theme was somewhat reminiscent of Defense Minister Lin Biao's thesis in the 1960's that the countryside nations (the third world) would surround and strangle the city nations (the rich nations). Chinese leaders also stressed South-South cooperation and the fact that third world nations have much in common in various political and economic organizations and that the third world is the fastest growing area in the world economically.⁴ In short, China's leaders were calling for greater recognition of the third world's potential international influence.

Beijing rendered unprecedented albeit only verbal support to the nonaligned movement (of which it is not a member, regarding itself still as an "aligned" nation). In March, 1983, Premier Zhao sent an enthusiastic message of congratulations to the seventh non-aligned summit conference held in New Delhi.⁵ Chinese leaders were obviously pleased that the organization had moved away from what Beijing considered the pro-Soviet stance displayed when the last meeting was held in Havana in 1979. Chinese decision-

¹See John F. Copper, "New Directions in China's Foreign Policy Since the 12th Party Congress," *Asian American Review*, spring, 1983, for further details.

²See "Quarterly Chronicle and Documentation," *China Quarterly*, December, 1982, and March, 1983, for further information on these points.

³This judgment was made by counting the delegations sent and received by China during the first three months of 1981, 1982 and 1983 listed in those issues of *China Aktuell*.

⁴See Chen Licheng and Tan Shizhong, "Developing Countries' Role in the World Economy," *Beijing Review*, March 28, 1983. Also see "South-South Cooperation," *Beijing Review*, April 4, 1983.

⁵*Beijing Review*, March 14, 1983.

makers apparently also recognized the organization as a link to third world nations and an important body in terms of China's bid to gain a leadership role in the third world "bloc."

CHINA AND THE U.N.

China has also been noticeably more supportive of the United Nations in recent months. Beijing strongly backed the Law of the Sea agreements reached in late 1982 and subsequently agreed to establish United Nations research centers in China. China's United Nations representative has also pledged more money to support United Nations projects, including a large sum pledged to the United Nations Development Program in late 1982. Beijing even voluntarily asked to have its United Nations dues increased.⁶

China's enthusiasm for the United Nations as well as its efforts to enhance South-South relations, however, must be seen against the fact that China has been drawing large amounts of United Nations aid money at a time when sources are scarce and when other third world nations are in greater need than ever. China has also attracted huge sums of Western capital investment technology and "aid." (Some third world nations have even expressed fear that China is taking too much aid and investment capital to their detriment.⁷)

Beijing's moves to improve relations with third world countries must also be seen in the context of the fact that Chinese trade with the third world is insignificant and has declined over the past five years in terms of China's total trade. China's trade with Southeast Asia (excluding Singapore and Malaysia), Africa, Latin America and the Middle East is only 2 percent, 3 percent, 3 percent, and 4 percent, respectively. The former two regions have a lower percentage of China's trade than in 1978, while trade relations with Latin America and the Middle East have remained unchanged.⁸ Preliminary 1983 figures suggest that there is no change in this situation. Meanwhile China's trade with the United States, Japan and West Europe is still increasing. In short, Chinese leaders must contend with the fact that China's modernization program is dependent on trade and other economic ties with the West, although China has much in common politically with third world nations.

Because China is a regional rather than a global

⁶See "Quarterly Chronicle and Documentation," *China Quarterly*, March, 1983, p. 204-205.

⁷See V. P. Dutt, "China Turns Again to the Third World," *Far Eastern Economic Review*, February 10, 1983.

⁸See *China Business Review*, May-June, 1983.

⁹Douglas Pike, "Southeast Asia and the Superpowers: The Dust Settles," *Current History*, April, 1983.

¹⁰Sheldon W. Simon, *The ASEAN States and Regional Security* (Stanford: Hoover Institution Press, 1982), p. 59.

¹¹See, for example, "The Soviet Drive into Southeast Asia," *Beijing Review*, March 1, 1982.

power, its most important concerns vis-à-vis third world nations lie in Southeast and South Asia. In Southeast Asia, the Chinese supported Hanoi during two wars (with the French and the United States); but relations began to turn sour after Hanoi's victory in 1975, which was facilitated more by Soviet than Chinese aid. Beijing next turned to Cambodia as its most important ally in the region, only to face the loss of Cambodia when Vietnam invaded and occupied the nation in late 1978—shortly after Vietnam signed a treaty of friendship and "alliance" with the Soviet Union.

China responded by invading northern Vietnam at considerable cost to itself and Hanoi. As a consequence, Hanoi's occupation of Cambodia and its economic development plans were made more difficult. On the other hand, China seemed to lose in terms of a military victory.⁹ Subsequently, Beijing continued to send aid to Cambodia rebel leader (and former Prime Minister) Pol Pot to wage guerrilla warfare against the Vietnamese occupation forces in Cambodia, which numbered over 100,000. A somewhat similar, though less serious, situation obtained in Laos.

Meanwhile, Beijing has sought alignment with the ASEAN (Association of Southeast Asian Nations): the Philippines, Indonesia, Singapore, Malaysia and Thailand. Expressing a common concern about Hanoi's military strength and its occupation of Cambodia, the ASEAN nations cooperate by not recognizing the Vietnamese-installed government of Heng Samrin in Phnom Penh. On the other hand, neither Indonesia nor Malaysia believe that Vietnam's threat exceeds China's threat to the region in the long run.¹⁰ And Indonesia and Singapore still have not established diplomatic ties with the People's Republic of China.

In South Asia, China has long pursued a policy of isolating India to prevent the spread of New Delhi's influence on the subcontinent by aligning with the nations of the region on India's periphery. This alignment included economic and, at times, military assistance. In 1971, when India signed a defense pact with the Soviet Union (after which it dismembered Pakistan and created the nation of Bangladesh), Beijing intensified its efforts. The Soviet invasion of Afghanistan in 1979 pushed the process a step further. Chinese leaders are concerned because of India's support for Moscow there, as well as in Southeast Asia, plus the Kremlin's naval buildup in the Indian Ocean; in Chinese eyes this has as its purpose containing China.¹¹

In both regions, China's interests and those of the United States have coincided although there are differences of stress and there are problems: because of memories of the Vietnam War, the United States is not in a position to become involved militarily in the region again. Beijing, on the other hand, is less inhibited. In fact, its leaders point out that China is carrying out United States policy. Thus Chinese leaders are crit-

ical of the fact the United States has not acted with resolve in Afghanistan. The administration of President Jimmy Carter even embarrassed Beijing by implicating it in aid efforts to Afghan rebels (a charge that was accurate, although China's arms aid was not very extensive). On the other hand, regarding both Afghanistan and Southeast Asia, Beijing and Moscow remain in serious disagreement, and Chinese leaders have cited both areas in recent talks with Soviet leaders as obstacles to a Sino-Soviet rapprochement.

In recent months, Beijing has supported an anti-Vietnam coalition leadership for Cambodia in order to avoid being linked with the Pol Pot regime, which it backed in the past but which killed somewhere between 20 and 25 percent of its own people during the 1975–1978 period—the worst violation of human rights in modern times. China's links with Pol Pot had a negative effect on Beijing's relations with the West and drew attention to China's own human rights problems. Now, Chinese leaders hope to garner continued support from ASEAN and the global community in order to deny the Vietnam-supported Heng Samrin government legitimacy and keep Hanoi isolated in the region.

In South Asia, there is some evidence that Beijing seeks better relations with India, which is embarrassed about its relationship with the Soviet Union in view of the Afghan situation and New Delhi's dependence on the West for aid and commercial investment.¹² China believes it can take advantage of this situation and perhaps exert some influence on India's stance on Cambodia. (New Delhi is one of the few countries that supports the Vietnamese-imposed Heng Samrin government.)

Beijing, however, continues to maintain good relations with Pakistan and still considers it China's most important ally in the region. In the event of a future conflict between Pakistan and India, Beijing is sure to side with Pakistan. Yet Chinese leaders probably hope that such a conflict can be avoided and that a border settlement can be reached with India—the territorial question remaining an outstanding sore spot between the two countries.

Whether Beijing seeks to improve relations with India in order to pull it out of the Soviet orbit or whether it has initiated talks with New Delhi based on bilateral interests is uncertain. The answer is probably both. Nor is it clear how Chinese leaders perceive United States relations with the nations of South Asia. China continues generally to support United States policy in that area, particularly United States military aid to Pakistan.

¹²Thomas Perry, "The USSR and Asia in 1982: The End of the Brezhnev Era," *Asian Survey*, January, 1983.

¹³Frank Ching, "Chinese Premier Hopes to Woo Africa in 10-Nation Tour," *Asian Wall Street Journal*, December 21, 1982.

AFRICAN RELATIONS

In Africa, early on China saw its greatest hopes in West Africa, especially in Ghana and Guinea. It also sought to gain support from African nations by supporting "wars of national liberation" almost indiscriminately, seeing those struggles as outgrowths of anti-colonialism. "Liberation" would ultimately bring to power regimes that would grant China diplomatic recognition and would cement political and economic relations. Subsequently, however, China's leaders discovered that Africa was an area of basic instability and that the new nations could be influenced by aid offers from the Soviet Union and the West that undermined Chinese influence. Thus, Beijing sought a base of operations and committed itself to a huge aid project in Tanzania and Zambia: the Tanzam Railroad (which Western countries had refused to sponsor because it was economically not feasible).

During the 1970's China's anti-Soviet foreign policy was carried to the extreme when Beijing aligned itself with the United States and South Africa against Soviet and Cuban-supported groups in Angola. Considering China's past condemnation of South Africa for its racist policies and the degree of support China had received from Black Africa in 1971 when it made a bid for a seat in the United Nations, many Africans perceived Chinese policy as odd if not hypocritical. Moreover, with China's stress on economic modernization after 1978, it cut its aid to Africa markedly; trade likewise failed to show any growth.

Following the twelfth party congress, Beijing moved quickly to settle its differences with Angola and established diplomatic relations there—in spite of the fact that Cuban forces remained. China's leaders even promised not to support anti-government forces in Angola in the future. Beijing also made successful efforts to establish formal diplomatic relations with the Ivory Coast and Lesotho, leaving Taiwan with ties only with South Africa and its client states in southern Africa.

In December, 1982, Chinese Premier Zhao Ziyang set out on a 10-nation (it became an 11-nation) tour of Africa. The trip lasted 29 days and was the first visit by a top Chinese leader since Chinese Premier Zhao Enlai's visit in 1964. During the trip, Zhao canceled a \$100-million debt owed by Zaire and promised a \$33-million loan to Zimbabwe.¹³ He did not, however, cancel the huge debt owed by Tanzania or Zambia for the Tanzam Railroad, which because of its mismanagement has become a burden rather than a godsend to these two countries. He also made an agreement to purchase more of Kenya's exports, but said little about China's favorable balance in trade with countries in the region.

Zhao held talks during his visit with several African regional organizations, including some that are regarded as pro-Soviet. And he made statements almost

everywhere supporting Black Africa and denying any Chinese support for South Africa.¹⁴ Everywhere, he applauded third world cooperation and condemned and blamed the superpowers for Africa's problems, although transparently the Soviet Union was depicted as the worst culprit.¹⁵

China's policies toward the nations of the Middle East have been influenced by the Chinese perception of nationalism and instability in the region and by the fact that the United States has been regarded as an enemy by the Arab nations while the Soviet Union has been seen as insufficiently supportive. Chinese leaders have also considered trade ties (including the purchase of oil until China became an oil exporter itself in the late 1960's), diplomatic recognition and support, and the strategic location of the area. Thus, though Israel granted diplomatic recognition to China soon after Chairman Mao Zedong came to power, Beijing has never reciprocated.

Siding with the most influential Middle East governments during the 1950's and 1960's (first Egypt) and later more radical governments (Algeria, Syria, Yemen), Chinese policy moderated during the 1970's as its relations with the United States became closer. Thus Egypt once again became the nation of greatest interest to China.

However, Beijing's more independent foreign policy in the Middle East opened up few opportunities. Possibly for strategic reasons, Beijing has chosen to retain a generally pro-United States position there.

During Premier Zhao's recent trip to Africa, he promised Egypt between 60 and 80 F-7 fighter aircraft to be assembled in Egypt, the first such agreement of this kind.¹⁶ At the same time, the Premier hailed the Arab Fez plan for peace in the Middle East. Yet, before he embarked on the trip, he told reporters that for the first time China recognized Israel's right to exist, apparently wanting to make it clear that China also supported President Ronald Reagan's peace initiative and did not support the radical Arab positions or Soviet policies. Offsetting these moves, Premier Zhao met with Palestine Liberation Organization (PLO) chairman Yasir Arafat during the trip and promised continued support.

LATIN AMERICAN RELATIONS

China's foreign policy toward Latin American countries has been dictated by its relations with Cuba (good

before 1962 and bad afterward), its efforts to build relations with Chile (either with the regime of Salvador Allende Gossens or its successor) to guarantee a source of needed copper, and by its efforts to undermine United States influence in its own "backyard." Chinese efforts, however, have been limited because of its realization of the fact that Latin America is the most remote area of the world in terms of China's national interests, a factor that places limits on Beijing's ability to exert any influence there.

During the 1960's, Chinese initiatives in Latin America were anti-Soviet and were directed toward revolutionary or leftist regimes. In the 1970's, Beijing seemed to want to leave the area to the United States. In the 1980's, little has changed: Chinese weapons have appeared in El Salvador, but China's leaders adamantly deny sending them and have criticized Cuba and the Soviet Union for their interference there.¹⁷

CONCLUSIONS

During the 1970's, China obviously neglected its relations with the third world bloc while it tried to build an anti-Soviet united front. Following this strategy Beijing aligned itself with the United States, West Europe and Japan against the more aggressive and hegemonist Soviet Union. The other alignment partners were concerned with the large-scale Soviet military buildup—yet they were not so apprehensive as China. Many strategists in the United States argued that only a United States buildup could checkmate the Kremlin; others contended that China was not a very useful ally. Thus Chinese leaders did not have the support from their alignment partners that they had hoped for.¹⁸

Meanwhile, the Deng Xiaoping regime created enemies and a strong opposition because of its "radical" policies that promoted capitalist methods to generate economic growth, eliminated jobs in the bureaucracy to make it work more efficiently and downgraded the military role in Chinese politics. Yet because the majority in China generally agreed with Deng, the opposition had to look for Deng's weaknesses. There were weaknesses in China's foreign relations, particularly with regard to Taiwan and the third world. According to Deng's critics, he had given short shrift to the third world, after that world had provided support for China's successful United Nations bid and generally helped Beijing become a recognized global power.

(Continued on page 278)

¹⁴Roland Tyrrell, "Zhao's African Odyssey," *Far Eastern Economic Review*, February 3, 1983.

¹⁵David Bonavia, "Fading Friendships," *Far Eastern Economic Review*, February 3, 1983.

¹⁶See *Washington Post*, December 21, 1982 and Foreign Broadcasting Information Service, *Daily Report—China*, December 23, 1982, p. 11.

¹⁷See Xin Ping, "El Salvador Still in Turmoil," *Beijing Review*, August 30, 1982.

¹⁸For further details on this point, see John F. Copper, "China's Global Strategy," *Current History*, September, 1981.

John Franklin Copper is the newly appointed director of the Asian Studies Center at the Heritage Foundation in Washington, D.C. He is also the author of *China's Global Role: An Analysis of Peking's National Power Capabilities in the Context of an Evolving International System* (Stanford: Hoover Institution Press, 1980). He lived in Asia for more than ten years.

"Ultimately, the ability of scientific progress and technological development to modernize China . . . is inseparable from a thorough reform of social institutions. Despite the rejection of any suggestion of systemic reform . . . there are signs of some rather profound changes taking place below the surface of verbal intransigence."

Science and Technology in China

BY JAN S. PRYBYLA

Professor of Economics, The Pennsylvania State University

ONE of the many charges raised against the "gang of four" and their followers after the death of Mao was their neglect of modern science and technology. Instead, they concentrated on China's native ability (self-reliance); they had a penchant for scientific and technological populism (exemplified in the importance attached to inventions and innovations that allegedly spring up ready-made from the everyday toil of the politically conscious masses); and they persecuted intellectuals and professional experts. These policies reduced to a trickle the flow of technology from the advanced countries. The gang of four popularized by means of mass campaigns simple, often useless, sometimes noxious innovations, the secondary effects of which had rarely been thought through (and which sometimes caused serious ecological damage and wasted scarce resources); and they vandalized the country's educational system, which slowed down and distorted China's long-term supply of badly needed brainpower. As a result, China's modernization, the improvement of its living standards, and the attainment of credible national power have been delayed.

This analysis, shorn of its factional score-settling elements, is accurate to a degree and is supported by dismal data on technological retardation and scientific inadequacy released by the post-Mao leaders with unprecedented frankness between 1977 and 1980. The danger inherent in this massive self-criticism is that it may be at once too excessive and not nearly enough.

The excessiveness was illustrated in the unrealistic plans slapped together during the brief rule of Premier Hua Guofeng, when China imported an enormous amount of advanced technology in plants and equipment, with a Stalinist emphasis on heavy industry. These plans were quickly scrapped, but not before many of the orders were on their way, to the undisguised irritation of foreign suppliers, especially the Japanese. The fusion of leftover Maoist élan and Stalinist development strategy gave rise to new distortions on top of the old, with waste and strains on the balance of payments. This phase is now referred to as "the second period of excessively high targets, impossible

to fulfill" (the first was Mao's Great Leap Forward of 1958–1960, which resulted in a great depression and widespread starvation).

Another side-product of intellectual self-criticism is that in the rush to modernize by skipping technological stages, some useful popular technologies ("native" or "traditional" techniques) introduced in Maoist times may be discarded—a case of throwing the baby out with the bathwater. Among these are several labor-intensive techniques in industry and agriculture that at one time received the plaudits of visiting foreign experts. It has often been remarked that in China, as in other populous developing countries, it is not necessary to produce bricks untouched by human hands. Indeed, Maoist China did turn to some practical, down-to-earth ways of easing the combination of capital, land and technology shortage, and population surplus. Many articles were written in the West on the transferability of China's do-it-yourself, bootstraps technology—and these should be reread critically before the model is completely dismantled. Maoism's few constructive contributions in the realm of civilian technology should not be abandoned. Traditional Chinese medicine encapsuled in the rural cooperative medical and public health service, with its progressively more sophisticated analysis and treatment as one moves up the ladder of referrals, is a good example of a technique that should not be hastily discarded. After all, the service is in great measure responsible for the compression of the death rate from 14 per 1,000 in 1953 to about 6 per 1,000 in 1981, and it is an important instrument in the continuing struggle to keep the birthrate down to under 10 per 1,000, without which modernization is doomed.

SCIENCE, TECHNOLOGY, AND SOCIAL ORGANIZATION

But self-examination has also been beset by taboos, and in one crucial area it has not been allowed to go much beyond pious generalities. It is often forgotten that science and technology are meaningless without social organization. Scientific invention and technical innovation are generated within and diffused through social systems; they cannot unfold effectively in a con-

text of defective human organization. The organization should provide a setting conducive to the maximum exercise of initiative and inventiveness. Creative efforts should be rewarded. Social institutions ought to be flexible enough to incorporate new ideas smoothly, transform themselves, if need be, without convulsions, and translate the assimilated ideas into improved products and services. New knowledge should not be bottled up as private or state secrets.

In addition, the economic system should indicate whether a new process is affordable, that is, whether it is cost-and-benefit effective. The economic feasibility of invention is not the only criterion of a technology's appropriateness (this is particularly true of military technology), but it is most desirable that the economic system provide such intelligence cheaply, accurately and continuously. In market economies, this information is provided by the price system based on competitive, lateral, voluntary buyer-seller transactions. A system of central administrative command planning à la russe, of which China is an example, is characterized by the absence of the preconditions for the emergence of such "opportunity cost" information, by the lack of spontaneous competition, horizontal transactions, and—most important—voluntariness.

The emergence and propagation of new ideas and their translation into routine processes of production are planned and sanctioned from above by complex, compartmentalized and overlapping state and monopoly bureaucracies, whose size and decision-making powers stagger the imagination. China has 30 rural bureaucrats for every 1,000 working peasants, but only one technician for those 1,000 peasants. Like other assets, initiative belongs to the state.

Modernization of the economy based on inventiveness calls for something quite different. The lack of Soviet success in fostering creative activities in science and technology (apart from the military sector) can be attributed to authoritarian impulses and the institutionalized exclusion of pluralism and competition. Specialists on centrally planned economies see two reasons for the Soviet command system's scientific and technological sluggishness:

One reason . . . is the use of vertical institutional organizations in Soviet science and technology. . . . To

a certain extent it reflects the autocratic nature of Russian society both before and after the revolution. . . . Soviet research scholars are mostly found in research institutions, which are primarily organized vertically and operate according to preestablished plans in which parallel research is reduced to a minimum by planners. Only in the military sector is parallel, competitive research normally pursued in the framework of a vertical mechanism.¹

These observations can be applied to China with little modification. At the level of general discourse, the Chinese are aware of the problem:

Reform [of the economic system] is the kingpin of modernization—the Chinese way. Without reform, modernization . . . will come to nothing. . . . Reform is revolution, and profound revolution at that.²

Before science and technology can raise output, productivity, and the standard of living, reform must touch the vitals of China's economic organization, notably the price system. But this requires a revolutionary shift in economic and political philosophy that China is not at present prepared to make. And so,

the reforms as such involve only management methods, work systems, and concrete forms. The basic factors that determine the nature of socialist economy are public ownership of the means of production, planned economy, and the principle of distribution according to work. All this remains the same, not to be altered in any way. If anything, [these factors] will gradually be consolidated and perfected in the process.

This raises questions about whether science and technology alone can improve the Chinese people's material condition.

The reluctance to experiment boldly with social organization is reproduced on a micro scale by the restoration of the pre-1958 vertical system of research and development (R & D) organization patterned on the Soviet-Stalinist model. Most of the key R & D work is done in institutes attached to the Chinese Academy of Sciences, Council of State special commissions or the national ministries. Some research work, but relatively little and of less importance, is done in the universities partly for reasons having to do with confidentiality. While this resurrected arrangement is better than none at all, its major drawbacks are compartmentalization and hence frequent duplication of research projects; sparse communication among researchers—scientists and technicians—and among R & D institutions; and rigidity of the planning process, including the propensity for political authorities to impose research projects unilaterally and order their development; insufficient feedback information; and minimal tolerance for error (lack of slack in the system).³

Additionally, in a society in which prestige derives primarily from membership in the upper strata of the bureaucracy, freshly trained scientists and engineers try to land desk jobs. When they succeed, as they have

¹Aron Katsenelinboigen and Herbert S. Levine, "Some Observations on the Plan-Market Relationship in Centrally Planned Economies," *Annals of the American Academy of Political and Social Science*, November, 1977, pp. 193–194.

²Ren Tao, "Reform Holds the Key to Success," *Beijing Review (BR)*, no. 20, May 16, 1983, pp. 15, 16, 19.

³Wang Chi-wu, "Mainland China's Potential for Industrial Modernization in the Context of Its Science and Technology," in *Mainland China's Modernization: Its Prospects and Problems* (Berkeley: Institute of East Asian Studies, University of California, 1981), pp. 112–121. See also Richard P. Suttmeier, *Science, Technology, and China's Drive for Modernization* (Stanford: Hoover Institution Press, 1980).

done recently, they lose much of their expertise while they become enmeshed in political maneuvering. This has apparently happened to pilots and aeronautical engineers trained by United States aircraft companies. It is said that many of the people graduating from the managerial science school at Dalian, run jointly with the United States Department of Commerce (at an annual cost to the United States of \$180,000) have ended up in the Communist party apparatus. While their newly acquired professional expertise may help modernize (that is, de-ideologize) the party's outlook and raise the party's educational level, it is probable that the apparatus's set ways will influence the experts more than the other way round.

EFFECTS ON THE MILITARY

These problems apply to the scientific and technological efforts that primarily benefit consumers and the civilian economy, in short, individual material well-being. One should beware of extending the analysis to defense-related concerns. The Soviet-type, administrative command economy is essentially a war economy in peacetime, an engine of forced resource mobilization designed to breach particular obstacles and achieve breakthroughs on narrow beachheads. The Soviet Union's chosen point of assault has been heavy industry and, within it, the military front. Within the military, rapid progress is being made on a few sectors involving advanced weaponry. The Soviet Union today possesses awesome space and conventional weapons, while much of the rest of the economy muddles its way through with what is left over.

At a lower income level, China too has made remarkable advances on narrow sectors of the military front. Although the bulk of its army is still impeded by remnants of Mao's thinking on people's war ("drowning the invader in a sea of humanity"), and by the legacy of self-reliant technology, progress in the development of nuclear arms and delivery systems has been notable. The arms are said to be defensive and, in the opinion of some United States State Department experts, are directed at the Soviet Union, but as is well known, the defensive nature of a gun depends on which side of the barrel you are positioned, irrespective of ideological color. The development of nuclear weapons and space technology with military applications began in the mid-1950's with the help of a small nucleus of Chinese scientists trained in the United States, and with Soviet advice. In October, 1964, the first Chinese fission device was detonated. At present, China has several hundred nuclear warheads mounted on various types of delivery vehicles. These include medium-range ballistic missiles with a range of just under 2,000 kilometers and a growing number of intercontinental ballistic missiles with a range of about 13,000 km (8,000 miles), plus 100 or so TU-16-type bombers. Submarine-launched ballistic missiles are

being developed and are expected to be ready for deployment (as the third of the "four modernizations") by 1985. A submarine capable of launching such missiles is in operation, and others are on the way.

In addition, in April, 1970, in the midst of the Cultural Revolution, China launched its first artificial earth satellite, which entertained the world with a transmission of the airs of "The East Is Red." Since then 12 more satellites of various types have been put in orbit, four of which have been successfully recovered. China now possesses a system of tracking and telemetry control ground stations and ocean-going vessels. While some results of space science and technology have spilled over into civilian uses (e.g., meteorological forecasts, forest monitoring, geological and hydrologic surveys, mineral exploration, seismology forecasting, oceanography and environmental monitoring), most results are reserved for the military. Space science and technology, high energy physics, laser research and applications, and computer science and technology were listed near the top of China's official R & D priorities in 1978 and, despite some reshuffling and cutbacks in the list imposed by budget problems, the ranking is still in force.

The comparative success of China's big push in nuclear physics and space science and technology is due in large part to the high priority the government gives it, which has meant the insulation of military R & D from the vagaries of the rest of the bureaucratized economy, and the application to it of rules of parallel and competitive conduct that still do not apply (except now, partly in agriculture) to the civilian economy. Even at the height of the Cultural Revolution, when most scientists and high-grade technicians were digging ditches, special provisions protected those engaged in top-ranked military-related work from political storms. The army's temples of science and engineering were not desecrated by the Red Guards. Today, as always, they benefit from generous funding (even as other positions of the military budget are trimmed), the best materials, ready access to scientific-technical information obtainable abroad—that is, in the West—and the brightest minds.

The United States, Japan and West Europe (with France in the forefront) have shown themselves ready to contribute to this drive, despite an occasional worry about the non-neutrality of what looks like neutral science, and the possible dual uses of civilian technology. Chinese experts have examined a particle accelerator for high energy physics at Stanford University, and American engineers are planning to go to China to help build a similar facility there. Beijing has repeatedly complained about United States foot-dragging when it comes to supplying China with high technology; indeed, there have been some hesitations in Washington, but fewer in the American business community.

For example, United States reticence about selling the Hyshare-700 computer system in its entirety to the Harbin Polytechnical Institute has reportedly been connected with the discovery that the institute is under the jurisdiction of the Seventh Ministry of Machine Building, which is heavily involved in the development and production of strategic missiles. To add spice to the conundrum, the Harbin Polytechnic's next-door neighbor is a military engineering institute, a case of "parallel research in the framework of a vertical mechanism."

Although China has persistently rejected all invitations—made more attractive by the expulsion of Taiwan from various world bodies—to join in international nuclear control agreements, competition for China's business in the market for nuclear reactors and reactor technology is keen. As early as December, 1978, the French firm Framatome agreed to sell China two 900 megawatt (Mw) pressurized water reactors embodying American technology licensed to the firm by Westinghouse. The deal was later canceled by the Chinese for reasons of economy, but ways are being sought to overcome this temporary difficulty.

Sensitive on issues of sovereignty, China has rightly insisted on full reciprocity and mutual benefit in matters of scientific and technological exchange. This, however, is easier said than done. At present, there are some 10,000 Chinese exchange students in the United States, including a number of rehabilitated scholars. Most of them populate American centers of the hard and applied sciences and departments of engineering. There are 250 Americans in China, an exchange ratio of 40:1. One of the 250 was arrested not long ago for obtaining village secrets.

Most of the China-based Americans are in the humanities and the softer social sciences; some teach language and business skills. The United States has 21 accords with China on scholarly exchange covering such fields as earthquake prediction, environmental protection (the Chinese have some of the world's more polluted cities) and agricultural research, and thus far these have not been endangered by the granting of refuge in the United States to one of China's tennis stars or the rumored applications for asylum of about 10 percent of China's exchange students. Indeed, according to the President's science adviser, George A. Keyworth, the exchange agreements represent "the most successful scientific and technical cooperation in the world, independent of our political differences."⁴

⁴*The New York Times*, May 12, 1983, p. A11.

⁵By the formation in April, 1983, of the National Nonferrous Metal Industrial Corporation (set up to "utilize foreign funds and seek to increase exports of nonferrous metals"), Beijing has signaled its willingness to supplement its cultural, textile, and acupuncture exports with things such as copper, aluminum, lead, zinc, tungsten, antimony and "four other minerals." *BR*, no. 20, May 23, 1983, p. 9.

There is no doubt that the exchange arrangements are complex and that they involve difficult questions that go beyond simple economics, touching, as they do, on triangular diplomatic considerations of the balance of regional and world power. Americans can surely benefit from the contemplation of China's rich cultural artifacts exhibited in our museums in part payment for high technology.⁵ The military-nuclear-space aspects of China's four modernizations are a tribute to China's scientific and technological advance in certain fields of R & D endeavor and a reminder of the need for mutuality in mutual arrangements, something insisted on by the Chinese themselves. This writer has the highest regard for the Chinese people's ingenuity and their great hunger for knowledge. In travels through the land, one gets the impression of an enormous intellectual force among even the humblest nonparty people, of an undying respect for learning and self-improvement that may yet belie more somber predictions regarding the country's newly found will to stage a scientific and technical revolution and carry that transformation into the social realm.

It would be a mistake to put down the present regime's plans for scientific and technical modernization exclusively to dark schemings about future hegemonism. Communist regimes, even the more dogmatic ones, are not forever cast in concrete, and while common sense caution is indicated, it would be an error to dismiss offhand the widespread feeling that China's current policies are somewhat less onerous for the mass of the people than they have been over the past 30 years.

China's first preoccupation is today what it has always been: to feed, clothe, house, educate, employ, and cater to the health of its millions. While admittedly much effort in this regard has been frittered away on political muscle-flexing and ideological hair-splitting, there has also been progress toward this overriding goal. The barriers to further advance are formidable, and science and technology are not by themselves a panacea; yet there is still room to maneuver in the short run even within the confines of a cumbersome and repressive social system. The peril is that the initial positive results of limited intrasystemic adjustments will be seen by the power holders as long-run remedies, which they are not, and that—as in the Soviet Union and East Europe—the needed systemic reforms will be indefinitely deferred.

The mechanical problem, insofar as it affects the civilian economy, breaks down into two parts. The first concerns the better use of existing technology, including managerial know-how and worker incentives. Improved production, accounting and office routines can, to an extent, tap unused or underutilized productive potential. There is a purely technical-mechanistic sense in which the disparity between Chinese and Soviet grain yields per agricultural worker (0.9 kilo-

grams in China, 7 kilograms in the U.S.S.R.), or in the meat yield (60 kilograms per agricultural worker in China, 670 kilograms in the U.S.S.R.) can be reduced by the better use of known techniques of, say, fertilizer and feed input and storage.⁶ Obsolete techniques (measured by world standards) are not in themselves a sufficient reason for scrapping them. In fact, in some areas (e.g., medical and health delivery to the rural population) the Chinese can teach the Russians a thing or two.

Since 1978, the Chinese seem to have grasped this, and they refer to their efforts in this domain in the language of "work systems and concrete forms"—"adjustment" for short. Such modest adjustments in work-day procedures can help narrow the gap between actual and potential output and productivity, but they will not close it. There comes a time when adjustment-type remedies run their course and reform of the social system has to be undertaken—what the Chinese refer to as tackling the "basic factors that determine the nature of the socialist economy" (which at present they pledge not to do, even though they have already done it, partially and with reservations, through their de facto decollectivization of large segments of the rural economy).⁷

The second part of the mechanical problem consists of the acquisition of state of the arts science and technology. This may be done in two ways: through "reverse engineering" and by show-and-tell. Technology (which is the application of scientific knowledge to the solution of practical problems) is embodied in capital and people. A technologically backward country can purchase complete so-called "turnkey" projects (whole plants, fully equipped) or individual machines. These are then studied by the country's scientists and engineers and copied, sometimes improved on. At the same time, the scientific underpinnings of the technology are deduced. Often the purchase contract requires the seller to help install the plants and machinery and to provide temporary technical supervision, in the process teaching local engineers and workers the required skills.

In the interwar period Japan went through such a

⁶Figures from W. Klatt, "The Staff of Life: Living Standards in China, 1977–81," *The China Quarterly*, no. 93, March, 1983, Table 12, p. 50. China's energy utilization rate is 40 percent below that of the United States or Japan. Its consumption of standard coal in producing every \$100 million of national income is 11 times higher than that of developed countries. *BR*, no. 9, February 18, 1983, p. 15.

⁷I review this development in a paper (to be published shortly) entitled: "Reflections on Work Motivation in the People's Republic of China," presented at the Sun Yat-sen Symposium, Berry College, Ga, May 23–24, 1983.

⁸*The Wall Street Journal*, June 2, 1983, p. 30.

⁹Nicholas Ludlow, ed., *Selling Technology to China* (Washington, D.C.: The National Council for U.S.-China Trade, 1979). See also Leo A. Orleans, *Science in Contemporary China* (Stanford: Stanford University Press, 1980).

phase. It has since proceeded to a higher creative stage. The Soviet Union, through its purchase in the West of selected equipment embodying high technology (many of the deals are illegal) has been able to include that technology in some 150 weapons, among them the SS-20's targeted at West Europe.⁸ China went through this phase most pronouncedly in the mid- to late-1970's and, to an extent, although markedly less, it is still at it. Notice that here the social environment intrudes. The social system must absorb the new science and technology. Inputs and outputs have to be consistent, infrastructural facilities should be available, demand and supply must be matched through some social mechanism, and the real cost of the project has to be calculated in terms of opportunities foregone. Otherwise many instances of sophisticated technology will be wasted. China's present planning system is apparently a serious impediment to the economy's modernization by means of advanced science and technology.

Reverse engineering through the importation of complete plants and sets of equipment will for some years play a role in the development of mining, on-shore oil production and processing equipment, power generation, textile machinery, passenger and freight aircraft, trucks, shipbuilding and heavy construction and farm equipment.

Increasingly, the Chinese have turned to the second way of acquiring scientific knowledge and technological know-how, the way of show-and-tell. While this involves some transfer of physical assets, its essence is the direct communication of ideas from people to people. In other words, show-and-tell is the acquisition of scientific knowledge and technical processes by means of patents, coproduction agreements, production under license, joint ventures (offshore oil exploration and development are important here), technical seminars, scientific symposia, professional literature, and the training or upgrading of scientists, agronomists, engineers, business managers, and economists abroad. With their penchant for learning, the Chinese have become very adept at "show-how," squeezing the last drop of knowledge out of every source.⁹

Ultimately, the ability of scientific progress and technological development to modernize China (by which I mean their capacity to lift the Chinese people's present standard of living), is inseparable from a thorough reform of social institutions. Despite the rejection of any suggestion of systemic reform ("all this remains the same"), there are signs of some rather profound

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Jan S. Prybyla is a contributing editor of *Current History* and author of *The Chinese Economy: Problems and Policies*, 2d ed. (Columbia: University of South Carolina Press, 1981).

"China's post-Mao leadership is now secure and united enough to set relatively long-term educational goals. The 'great debates' about education that marked the Cultural Revolution have seemingly been laid to rest. Not everyone, however, is satisfied with the current system . . . [and] a number of pitfalls exist on the transitional road."

Chinese Education in Transition

BY STANLEY ROSEN

Assistant Professor of Political Science, University of Southern California

SINCE the late 1950's, Chinese educational policy has vacillated between two seemingly irreconcilable ideals.¹ On one side have been those who have stressed the fact that the educational system must provide qualified personnel to fuel the country's rapid economic development. On the other side have been those who expected the educational system to do much more, whose goals have been as ideopolitical as they have been economic. Products of Chinese schools, they argued, must be laborers with socialist consciousness, concerned with the continuing evolution of a revolutionary socialist state. The educational system, as they see it, is an important component in creating this new state.

Each ideal required a different educational model. The stress on rapid economic development required an "academic" model, marked by a hierarchical educational structure in which the most promising students could be chosen early and put on a fast track. This would lead to placement in an elite secondary school, followed directly by entrance to a university. The emphasis on social change, on the other hand, required a "revolutionary" model, marked by an egalitarian educational structure in which affirmative action would be required to redistribute opportunities in favor of formerly deprived classes. Additionally, con-

stant monitoring would be necessary so that existing inequalities (such as those between mental and manual labor, city and countryside and worker and peasant) could be gradually reduced.² The beneficiaries of the first model would tend to be those from intellectual homes, while those from worker-peasant families would be favored by the second model. The first model stressed the elevation of standards, or "quality"; the second stressed universalization, or "quantity."

Although neither model completely ignored the concerns of the other (and in fact elements of both models have been present continuously since 1949), certain periods have strongly emphasized one or the other. Thus, during the Great Leap Forward (1958–1960), educational opportunities were expanded so that the children of workers, peasants and party officials could be accommodated in secondary schools and universities. During the early 1960's, this trend was reversed and replaced by an emphasis on tightening academic standards to restore quality. The Cultural Revolution (1966–1976) once again saw a push toward the expansion of educational opportunity and the adoption of egalitarian norms, to be followed as before by a concern with quality and hierarchy. Since both models generally treat primary schooling as basic education, secondary and university education have been most affected by these twists and turns.

Currently, Chinese educational policy remains in transition from the revolutionary to the academic model. Seven years after the death of Chairman Mao Zedong and the political demise of his radical associates headed by the "gang of four," the legacy of Cultural Revolution reforms is still influential. Although the Cultural Revolution "experiment" is now officially considered to have been "ten years of catastrophe," and current policy has completely reversed Cultural Revolution priorities, a restoration of pre-Cultural Revolution conditions is taking longer than anticipated. Thus, before looking more closely at present trends, it is useful to examine the Cultural Revolution briefly.

The main thrust of the Cultural Revolution was the emphasis on egalitarianism.³ Viewing Chinese education in the 1960's as elitist and inherently unequal, the

¹Some of the arguments and tables presented here are given fuller elaboration in Stanley Rosen, "New Directions in Secondary Schooling," in Ruth Hayhoe, ed., *Contemporary Chinese Education* (London: Croom Helm, forthcoming) and Stanley Rosen, "The Relationship Between Higher and Secondary Education in China," paper prepared for a conference on "The Relation Between Secondary Education and Higher Education: An International View," at the University of California, Los Angeles, July 25–28, 1983.

²For a description of these two contrasting educational models, see Theodore Hsi-en Chen, *Chinese Education Since 1949: Academic and Revolutionary Models* (New York: Pergamon Press, 1981).

³For details on the Cultural Revolution reforms, see Chen, *op. cit.*, pp. 88–152; Suzanne Pepper, "Education and Revolution: The 'Chinese Model' Revised," *Asian Survey*, vol. 18, no. 9 (September, 1978), pp. 847–890; and Jonathan Unger, *Education Under Mao: Class and Competition in Canton Schools, 1960–1980* (New York: Columbia University Press, 1982), pp. 139–205.

radicals reshaped the educational structure to remove many inequalities. This was to be done, in part, through the elimination of the various distinctions between schools and between students. Before the Cultural Revolution, students at the senior high school level faced a variety of options. There were regular high schools that prepared one for university entrance; specialist (technical) schools that trained middle-level professional personnel, like accountants and nurses; workers' training schools that trained middle-level technical workers, like carpenters and welders; and vocational schools that trained skilled workers and workers with special skills, like chefs, tailors and photographers. In the countryside there were agricultural middle schools.

Within these categories were further distinctions. Some schools were full-day and some had half-work, half-study programs. Some regular schools were "key-point" schools, and some were ordinary schools. Far from acknowledging the benefits of such a varied system, the radicals objected that the prime beneficiaries of this educational structure were the children of intellectuals. The wide variety of options available were not options at all, but were simply levels of an educational pyramid. In this hierarchy, the best schools were the keypoint schools, which received the most funding, had the best teachers and facilities, and the most desirable students. In effect, this meant that a disproportionate number of students at the best keypoints were children of intellectuals, recruited because of outstanding academic ability. Many of the students chosen by the country's best universities were products of these keypoint schools.

In like manner, regular schools were considered superior to work-study, vocational or workers' training schools.⁴ From the perspective of the radical reformers, the children of workers and peasants had the few-

⁴For discussions of this pre-Cultural Revolution educational system and its influence on student attitudes and behavior, see Unger, *op. cit.*, pp. 11-109; Susan Shirk, *Competitive Comrades* (Berkeley: University of California Press, 1982) and Stanley Rosen, *Red Guard Factionalism and the Cultural Revolution in Guangzhou* (Boulder: Westview Press, 1982), chapters 1 and 2.

⁵For an analysis of the policy restoring keypoint schools, see Stanley Rosen, "Restoring Keypoint Secondary Schools in Post-Mao China: The Politics of Competition and Educational Quality, 1978-1983," paper presented at the SSRC Conference on Policy Implementation in Post-Mao China, Ohio State University, June 20-24, 1983.

⁶The decline in the total number of university students from 1981 to 1982 is misleading. Because university students were recruited in both spring and fall, 1978, when unified examinations were restored at the national level, the graduating class of 1982 was inordinately large.

⁷Sources for this section are *Beijing Review*, vol. 26, no. 4 (January 24, 1983), pp. 24-26; *Renmin jiaoyu*, no. 3, March, 1982, pp. 29-31; and Stanley Rosen, "Education and the Political Socialization of Chinese Youths," in John N. Hawkins, ed., *Education and Social Change in the People's Republic of China* (New York: Praeger, forthcoming).

est options, since they could not match the academic achievements of children from intellectual families. Children of urban workers were often crowded into neighborhood junior high schools of low academic quality. After graduation, most of them went on to lower quality senior high schools or vocational schools, or sought immediate factory jobs. Children of peasants had even fewer opportunities for advanced schooling.

The radical solution called for an expansion of the numbers of students in school and an elimination of the distinctions between schools. Among the earliest casualties of the Cultural Revolution was China's pyramidal school structure with its myriad options. Not only were the favored keypoint schools deprived of their advantages, but the unfashionable vocational and work-study schools were closed as well. These various schools did not cease to exist; rather, they were transformed into general secondary schools. As part of this process of expansion and homogenization, junior high schools in urban areas added senior high school sections, primary schools in the countryside added junior high school sections, and so forth.

Because access to schooling was closely related to a future job assignment, the Cultural Revolution reforms addressed this issue as well. Unified entrance examinations for secondary school and university were abolished, eliminating the most important advantage afforded to students from intellectual homes. All secondary school graduates were expected to perform manual labor for at least two years before applying to university; and recommendations from fellow workers and party officials were more important than academic achievement.

THE TRANSITIONAL EDUCATIONAL STRUCTURE

The elimination of radical influence in Beijing allowed China's pragmatic leadership to rescind virtually all Cultural Revolution educational policies. In seeking an educational structure that would match the development goals of China's four modernizations, since 1978 the values of quantity and egalitarianism have been replaced by a stress on quality and hierarchy. The avowed goal is a restoration of the balance that existed in 1965, before the Cultural Revolution changes were introduced, and the expansion of college and postgraduate education. This has meant the return of keypoint schools at every level, from primary school to university.⁵ It has also meant the return of options for graduating junior high school students. But these goals have not yet been met. Instead, university enrollment has been expanding since 1976-1977 while enrollment at the secondary level has been steadily declining.⁶ Primary school enrollment has remained relatively steady.

Of the three levels of education, primary education has been least contentious.⁷ Considered basic education, universalization has been a goal of both radical

reformers and pragmatic developmentalists, albeit with differences regarding the method and speed of realization and the educational content. A 1980 joint decision by the Communist party Central Committee and State Council set 1985 as a target date for universal primary education in districts relatively well developed economically and educationally, with 1990 the target date for less developed districts. Currently, 93 percent of school-age children enter school, but only 65 percent complete the full five-year course, with perhaps half of those up to standard. Most problematic have been schools in the countryside. Drop-out rates have always been a problem because pupils cannot keep up with their classes, have family difficulties, or live too far away to walk. More recently, the adoption of the production responsibility system has led to new problems.

One thorny problem relates to remuneration of teachers. In the countryside, between 60 and 70 percent of the primary school teachers are appointed and paid by their local communities while between 30 and 40 percent are assigned and paid by the state. Since the government has issued only vague guidelines on pay for the locally appointed teachers, pay has varied according to local conditions. Before implementing the production responsibility system, it was common to use the work point plus allowance system, under which teachers were given work points equal to those of an average commune or brigade worker. At the end of the year, they shared in the distribution of commune profits based on work points accumulated. In addition, they received an allowance from the state of 250 *yaun* (US\$156). After the implementation of the responsibility system, the method of calculating wages according to the work points of commune members was no longer feasible. Now, teachers are commonly allocated production responsibilities for a plot of land, just like other commune members. Aside from their annual state allowance, their incomes depend not on the quality of their teaching, but on their agricultural production skills. Thus, their efforts are concentrated outside the classroom.

Students, too, have been affected by the new system, although the drop-out rate is perhaps even more serious among rural secondary school students. Judging from reports in youth and education magazines, the general attitude of parents is that students (preferably male) should attend school if such schooling will lead to university entrance and an escape from village life. If such an outcome appears unlikely—the normal situation given the low quality of most rural schooling—then, given the possibilities of increased income through family sideline production, it is not considered economically justifiable to keep children in school. Moreover, as many letters to the editor in local mag-

azines point out, since the available non-agricultural jobs for teachers, drivers, technicians and public health workers are often determined by local officials with little regard to academic merit, continuation in school seems a dead end.

DEVELOPMENTS IN SECONDARY EDUCATION

Universalization of primary school education remains a non-controversial, albeit elusive goal; but the issues in secondary education have been far more contentious, because education at this level must serve several functions simultaneously. On the one hand, the most outstanding students are to be chosen for advanced university education. However, since those to be so promoted make up only a small minority, education at the secondary school level must also be basic, to train those who will join the labor force immediately upon graduation. Objecting to the inequalities inherent in this kind of selection process, much radical in-ventive was reserved for schools at this level, and it was here that structural changes were greatest. The secondary school structure still bears the “scars” of the radical reforms and the return to the pre-Cultural Revolution balance has yet to be achieved.

To counteract the great expansion in secondary school enrollments during the Cultural Revolution—in large cities like Beijing and Shanghai senior high school education had been universalized—the emphasis since 1977 has been on quality and hierarchy. To guarantee quality, there are two types of regular secondary schools at both junior and senior level, key-point and ordinary schools. Moreover, keypoints themselves are ranked, with the best schools managed at the provincial level, the next best at the municipal level, and so on down the line, including schools run by districts, prefectures and counties. In addition, many high schools are undergoing transformation, with senior high schools being shut down or reverting to junior high or vocational schools. For example, in 1977 there were 65,000 senior high schools with 18,000,000 students. By 1981, there were only 24,447 senior high schools with 7,149,800 students.⁸ Still, a senior high school graduate's chances of attending a university were far better before the Cultural Revolution than they are today.

At the secondary level, other problems are plaguing educational decision-makers. Some problems reflect the continuing legacy of the Cultural Revolution; others, paradoxically, stem precisely from the attempts to negate the ravages of that movement. There is a continuing imbalance between regular high schools and technical and vocational high schools. In 1964 and 1965, there was a successful expansion of vocational and agricultural education, which did not greatly influence the number of senior high school students. During the Cultural Revolution, the radicals had protested strenuously that providing such “options” or

⁸Rosen, “Restoring Keypoint Schools.”

"tracks" invidiously discriminated against the children of workers and peasants, who were shunted onto the vocational track. Over the last few years, educational officials have again been urging the development of technical and vocational schooling. This time, however, the policy has been less effective. While the number of senior high school students has been drastically reduced, other options have developed only slowly. Whereas 31 percent of all high school students were enrolled in vocational or agricultural middle schools in 1965, by the end of 1981 the equivalent figure was still less than 1 percent. When the Chinese press reports that the percentage of secondary school students in regular senior high schools has dropped from a high of 25.8 percent of all high school students in 1977 to 14.2 percent in 1981 (and is still dropping), or that 23.1 percent of the senior middle school population is now in vocational school, this means that many students have lost further educational opportunities.

Even the relatively small number of openings in vocational schools (or, more commonly, in vocational classes in regular senior high schools) and agricultural middle schools are not always filled. Despite the fact that few senior high school graduates have gone on to a university in recent years, many students persist in trying to crowd into regular senior high schools, rather than attending vocational schools. The reason is simple. University graduates are allocated jobs by the state; they are given "iron rice bowls." Vocational school graduates are not guaranteed employment; in fact, since many jobs seem to be allocated more on the basis of family and other connections than on competitive merit, vocational education is not seen as a desirable option. Similarly, peasants regard agricultural middle schools as second-class schools, making recruitment difficult.⁹

Regular high schools are divided into keypoint schools and ordinary schools. Keypoint schools are considered a necessary evil, to guarantee that the nation's scarce resources are concentrated in those schools that already have the best teachers and students and hence can use their resources most effectively. However, keypoint schools and ordinary schools officially have the same function: to produce students for higher education and prepare workers for the labor force. And, since the quality of a secondary school has long been measured by the number of students it

produces for higher levels, both keypoint and ordinary schools work toward university entrance.

Although keypoints constitute a small percentage of all regular high schools (there are 5,000 keypoints, 700 of which are considered first-rate, out of 106,718 schools), they provide as many as 60–70 percent of the students at the better universities. Secondary education is still in transition. And as keypoint schools more and more assume the role of college preparatory schools and ordinary schools unable to produce university students await their inevitable transformation or closure, it is common for teachers and administrators to concentrate their efforts only on "promising" students, those likely to enter a university. Thus, the majority of students tend to be ignored.

Beijing is an example. Of the more than 1,000 middle schools in the city, only 24 are keypoints. In 1981, there were a total of 211,000 junior and senior middle students recruited in Beijing, but only 8,000 were recruited by keypoints. The vast majority of students are recruited by ordinary schools. In 1981, of the 139,000 junior middle graduates, only 54,000 were promoted to senior high schools. Of these 54,000, only 35.7 percent had passing grades (60 percent) on the senior high entrance examinations.¹⁰ The problem, then, is to improve education for those unable to further their schooling.

The success of the four modernizations program is closely tied to developments in postsecondary education. It is widely acknowledged in China that the number of university and postgraduate students must be greatly expanded in the coming years. Articles in the Chinese press frequently compare the 40–50 percent of senior middle school graduates that go on to a university in Japan, France, West Germany and the United States with the equivalent figure of around 5–10 percent in China, where there are only 11 university students for every 10,000 people. The sixth five year plan (1981–1985) has addressed this problem by calling for an increase in enrollment in full-day institutions of higher learning from the 280,000 admitted in 1980 to 400,000 in 1985. Further down the road, the plan is to take in over 600,000 full-time students in 1990, which would raise the number of full-time undergraduate students to about 2 million.

The projected increases for graduate education are even more impressive. In 1980, graduate schools enrolled 3,600 new students; in 1981, 11,000; in 1983, 15,000; in 1985, a projected 20,000. In addition, 16,000 Chinese have enjoyed advanced training abroad at state expense since 1978, with around 90 percent studying natural sciences. More than 3,500 of them have completed their work and returned to China, including 100 who earned doctoral degrees. Perhaps an equal number have obtained financial support from private sources to study abroad.

A recent report issued by the Ministry of Education

⁹On these points see *Jiaoyu yanjiu*, no. 12, December, 1982, pp. 7–10; *Beijing ribao*, July 28, 1982, p. 1; Susan Shirk, "Recent Chinese Labour Policies and the Transformation of Industrial Organization in China," *The China Quarterly*, no. 88, December, 1981, pp. 575–593; Peter Mauger, "Changing Policy and Practice in Chinese Rural Education," *The China Quarterly*, no. 93, March, 1983, pp. 138–148.

¹⁰*Foreign Broadcast Information Service, Daily Report-China* (hereafter cited as FBIS), November 20, 1981, pp. K7–8 (*Renmin ribao*, November 17) and FBIS, November 18, 1981, pp. K4–5 (*Renmin ribao*, November 12).

TABLE 1: China's Institutions of Higher Learning, 1981

	Number of Institutions	Graduates	Newly Enrolled Students	Enrolled Students	Full-time Teachers	Total Teachers, Staff and Workers
National total	704	139,640	278,777	1,279,472	249,876	666,339
Comprehensive universities	32	3,895	28,714	138,500	26,998	69,910
Colleges of sciences and engineering	207	11,498	95,194	484,658	101,776	286,063
Agricultural colleges	55	7,909	16,908	86,378	18,247	58,837
Forestry colleges	10	732	1,933	9,750	2,326	6,646
Medical colleges	112	9,443	29,221	158,715	30,606	79,866
Teachers colleges	186	103,121	87,222	316,785	49,317	113,519
Linguistic and literary colleges	10	503	2,405	13,012	3,740	9,484
Colleges of finance and economics	36	1,888	9,247	35,809	6,783	17,112
Colleges of politics and law	7		2,422	7,559	1,227	3,322
Physical culture institutes	12		1,784	10,814	2,200	5,543
Academies of arts	27	525	1,382	6,222	3,901	9,035
Others	10	126	2,345	11,270	2,755	7,002

Source: *Statistical Yearbook of China, 1981* (English Edition), p. 455.

and the State Planning Commission has spelled out the strategy for higher education through 1987. Summed up in the expression, "many levels; many standards, many forms," the report urges various localities to develop whatever form of higher education is most feasible, given economic conditions. In addition to specific 1987 enrollment projections provided for full-day schools (in line with those earlier cited), the plan calls for far greater expansion in other forms of higher education, such as television universities, correspondence universities, factory-run universities for staff and workers, county-run universities for peasants, and so forth. Enrollment in these alternative forms is to increase from the 290,000 recruited in 1982 to 1,100,000 by 1987. The number of students in 1982—640,000—will expand to 2,370,000 by 1987.

In addition to planned increases in the number of students, other important changes in college enrollment have been instituted in 1983. First, recognizing that few college graduates—regardless of whether they come from urban or rural areas—are willing to work permanently in the countryside, colleges of agriculture, forestry, medicine and teaching have lowered the admission standard for applicants in rural areas who agree to return to these areas on graduation. Second, to provide more educated staff for small and collectively owned enterprises, colleges have been encouraged to sign personnel training contracts with employer units as a supplement to the annual state enrollment plan. This will also provide extra funds for the colleges. Third, middle schools are supplying the colleges more data on applicants, allowing the schools to be more flexible in choosing whom to admit. Finally, disabled youth, previously automatically disqualified

on the basis of fitness, now have a greater possibility of enrollment.¹¹

China has been particularly aware of its woefully inadequate supply of scientific and technological personnel. Only 5.71 million (just over 0.5 percent) of the population are classified as scientific personnel. Even among these, less than half (43.7 percent) have attended college and only half the teachers have had any university education.¹² In line with the high priority given to science and technology, the majority of university applicants have taken the exams for science, engineering, agriculture and medical schools, rather than for liberal arts or social science schools. Over the last three years, only 30 percent of the applicants have been looking for a liberal arts education. All candidates for the university are required to sit for tests in political science, Chinese language, mathematics and foreign language. Applicants for liberal arts and social sciences also take history and geography tests, while applicants for science, engineering, agriculture and medicine take physics, chemistry and biology examinations. Table 1 provides details on students, teachers and staff at China's 704 universities.

The strong emphasis on science and technology parallels a rise in the status of China's intellectuals. Virtually every day articles in the national press praise the work of intellectuals or call for their better treatment.¹³ Since February, 1980, regularization of the work of intellectuals has included the awarding of academic degrees to qualified individuals. There are 4,800 spe-

(Continued on page 277)

¹¹FBIS, March 18, 1983, pp. K9-10; FBIS, March 21, 1983, pp. K1-4.

¹²*Far Eastern Economic Review*, April 28, 1983, p. 50.

¹³See the monthly indexes to *Guangming ribao*.

Stanley Rosen is the author of *Red Guard Factionalism and the Cultural Revolution in Guangzhou* (Boulder: Westview Press, 1982) and *The Role of Sent-Down Youth in the Chinese Cultural Revolution* (Berkeley: Center for Chinese Studies, 1981). In 1984, he will assume the editorship of the journal *Chinese Education*.

"The recent reforms in Chinese agriculture are badly needed to accelerate agricultural growth in order to support the 'four modernizations' program. In spite of bad weather, the reforms have brought improvements in peasant income and in the supply of meats, vegetables, poultry and other products. . . ."

China's Changing Agricultural System

BY KUAN-I CHEN

Professor of Economics, State University of New York at Albany

SINCE 1977, the farm sector in China has attained the second most sustained overall expansion of the last three decades. The first expansion occurred during 1961–1966, a recovery from the 1959–1961 depression. The gross value of agricultural output (GVAO) grew at an annual rate of 6.7 percent for 1977–1981. The average annual growth rate for grain, oil seeds, cotton, sugar and meat for the same period was 3.5 percent, 26.2 percent, 9.7 percent, 15.6 percent and 12.9 percent respectively.¹ The growth of output for nongrain crops is attributable to expanded acreage as well as higher yields per acre. The slow growth in grain output was attributable to a drop of 6.5 percent in acreage but was more than offset by a rising yield.

Aided by fairly good weather, in 1982 the GVAO again increased at a hefty rate of 11.2 percent, much higher than the planned rate of 4 percent. The grain output totaled 353.43 million metric tons (mmt), 8.7 percent more than the total of 1981 and 6.4 percent over the previous peak of 332.12 mmt in 1979. Output of meat, oil seeds, cotton, and sugar also increased by 7.1 percent, 15.8 percent, 21.3 percent and 21 percent respectively in 1982.² This growth rate of the GVAO during the past few years is much more rapid than the long-term average compound rate of 3.2 percent between the mid-1950's and the late 1970's.³

Agricultural progress in China during 1979–1982 was due to a combination of factors: (1) the job or production responsibility system introduced in 1979; (2) the encouraging of diversification; (3) the employment of the untapped production created by earlier

inefficiencies and wasteful use of resources; (4) a faster growth in the supply of inputs, especially chemical fertilizers; and (5) the increase in government prices for farm products.

Faster growth in the supply of agricultural inputs including new seeds has contributed to the increase in per acre yield of agricultural products, while the total average of cultivated land remains unchanged. The increase in chemical fertilizer output was especially rapid between 1978 and 1980, when imported large modern plants came into full operation, an increase of 42 percent in modern fertilizer plants. The responsibility system provides incentive for peasants to produce more. Together with the new policy of employing previously untapped production potential, the responsibility system also gives peasants an incentive to utilize resources more effectively and fully.

The "ecological balance" policy encouraging the simultaneous promotion of the five areas of agriculture (grains, forestry, animal husbandry, fishing and sideline production) helps to achieve the diversification of production. In addition, the expansion of free market principles to allow cash exchanges, the promotion of local industry and specialization to take advantage of local resources all help to reinforce the policies of the responsibility system and the employment of production potential and diversification. Finally, the government has already spent \$43.3 billion over the past few years on farm price subsidies as a result of rising government prices.⁴

THE PRODUCTION RESPONSIBILITY SYSTEM

The production responsibility system now operates in more than 90 percent of China's rural areas. The spread of this system was slow at the start but momentum has picked up. The responsibility system is designed to provide work incentive and security for peasants by correcting absolute egalitarianism and substituting the principle of "to each according to his work." More and more workers are to be paid according to the amount and quality of their work.

The responsibility system involves two basic components.⁵ The first deals with the way individuals are

¹China: *Review of Agriculture in 1981 and Outlook for 1982* (Washington, D.C.: U.S. Department of Agriculture, 1982), pp. 6, 17–18.

²"Communiqué on Fulfillment of China's 1982 National Economic Plan," *Beijing Review*, May 9, 1983.

³China: *Review of Agriculture*, p. 16.

⁴Frederick M. Surls, "The Agricultural Outlook," and Kathlin Smith, "Incentive Farming," in *The China Business Review*, November–December, 1982, pp. 14–16 and pp. 16–19 respectively.

⁵Peter Nolan and Gordan White, "Distribution and Development in China," *Bulletin of Concerned Asian Scholars*, July–September, 1981, p. 2–18.

paid in any group that shares the responsibility of an assigned task or tasks. The second pertains to the level of assignment of responsibilities for production and the associated exchange between the assigning body (the production team) and the responsibility group (a single household, or a household group, or an individual).

Before the introduction of this system, a peasant received fixed or basic work points for a day's work regardless of the quality or the quantity of the work. Work points were awarded according to the time worked and to the worker's category. Thus a male laborer earned more fixed points than a female or child laborer. At one extreme, the former system also awarded work points by self-assessment and public discussion. A family would share the total net output (gross output minus production expenses, taxes, collective accumulation, welfare funds, and so on) of the team, according to the total work points accumulated by family members in relation to the total work points accumulated by the total number of families in the team (aggregated team work points).

In many areas, part of the total net output of the team was first distributed on a per capita basis according to need; the remaining total net output of the team was then distributed to individual families according to the family's total work points in relation to the aggregate team work points. Therefore, say, a 10 percent increase in work points accumulated by a family or individual would raise the family or individual's share of the total net output of the team by much less than 10 percent.

In contrast, the responsibility system assigns responsibility for production tasks on several levels depending on the size of the subgroups. The first level is the division of a production team into work groups, each of which is made up of a number of families. This is known as the "group responsibility system." There are a number of subtypes at this level. Work specifications and rewards are specified by the team for all subtypes.

In one subtype, work specifications and rewards involve the additional provisions of a bonus or a penalty for the overfulfillment or nonfulfillment of the obligations specified in an agreement or contract between the production team and the group. But the bonus or penalty is calculated in terms of a certain percentage of above-target yields or shortfalls.

In another subtype, all the above-target yields (or output) belong to the work group and all shortfalls must be paid by the group from its grain reserve and the reserves of its members. In other subtypes, the work group's responsibility for production covers much broader obligations including a regular produc-

tion plan, quotas on farm and sideline products to be sold to the state and an obligation to turn over a certain amount of accumulated funds and other levies to the team; in this case, all surplus above the obligations belong to the work group and all shortfalls must be paid by the group.

On the second level of responsibility, production tasks are assigned by the team to the household, and the production and payment assignments are made with the household. This is known as the "household responsibility system." There are at least three subtypes at this level. Under one subtype, production quotas are assigned to a household only for specific kinds of products. In another subtype, all land belongs to a team, and the production quotas for all farm products are assigned to the households. Under these two subtypes, each team still retains its function of unified accounting and distribution and uses a system of bonuses and penalties. Under the third subtype, the household keeps all its output after paying taxes, its share of collective accumulation and welfare fund and other levies, and after meeting its sales quota to the state under the system of unified purchase.

Under the third level of responsibility, the production team assigns output responsibility to an individual farm worker or links the output quota to an individual. All above-quota yields belong to him, but all shortfalls must also be paid by him from his private reserve. In this case, the peasant is supplied with a fixed amount of chemical fertilizer, insecticides, seeds and other materials. Those farm tasks not easily performed by individual peasants are performed by the team, which organizes persons or small groups with specialized skills to perform such tasks as plowing, basic farm construction, sowing, irrigation, insect control, nursing seedlings and raking the soil. This system links the individual peasant's reward most directly to his work but retains the authority of the team as the basic accounting unit.

In addition to the three levels of the responsibility assignment system described above, an additional version of the system cuts across these three levels. This system is known as "contract work for specialized tasks, calculating reward by linking it to yield." Under this version, special tasks in farming, forestry, animal husbandry, fishery, industry and commerce that require specialized skills are assigned to a special work group, a household or an individual. As a result, three levels of work force specializing in one task frequently coexist within a team. Similarly, a contract between each of these levels provides a bonus for exceeding contractual duties and a penalty for shortfalls.

Moreover, the responsibility system has been extended to the cadres and, experimentally, to the association of scientific workers and its local scientific affiliates in some provinces.⁶ Contracts between scientific workers and backward teams were concluded

⁶Tang Tsou, Marc Blecher and Mitch Meisner, "The Responsibility System in Agriculture," *Modern China*, January, 1982, pp. 50-67, and Katsuhiko Hama, "China's Agricultural Production Responsibility System," *China Newsletter*, September-October, 1982, pp. 2-11.

to popularize improved methods of farming, sharing increased production and compensating the team for its losses. In sum, the responsibility system has several broad types of assignment and reward systems and a number of subtypes to adapt to varied local conditions. But the most widely used version is the "household responsibility system" that shares or keeps all its net output above the contracted quota.

The evolution of the present system of responsibility for agricultural production represents a change in the method of labor management and an adjustment in the relations of production; at the same time, the system of collective land ownership and other major means of farm production continues. The responsibility system represents one of the most significant changes in the development of the rural areas since the beginning of collectivization in 1953. (It is also the very antithesis of the movement to learn from Dazhai and to build Dazhai-type counties.⁷)

Such a change represents the readoption of some traditional farm practices and production relationships as far as readoption can go without abandoning the collective economy established in 1953. This change is paving the way for a change in the commune system in which the commune will become purely a unit of the collective economy (agriculture, industry, commerce), while a parallel unit for government administration (cultural, educational, health) will be reestablished at similar levels.

The first experiments in separating government administration from commune management and establishing township governments were conducted on a limited basis in Sichuan province in 1979. Today, 15 provinces and municipalities have followed Sichuan's lead in this direction.⁸

The responsibility system in agriculture may lead to the reduction of bureaucratic control and a diminution of the power of local cadres because it gives the peasants, work groups and production teams a greater degree of autonomy in managing their own economic affairs. Together with the new system of election by secret ballot and more candidates than positions to be filled, this may develop and strengthen a sense of representation, a new group of indigenous local leaders and a tradition of local autonomy.

On the other hand, this trend may meet with the resistance of cadres at the commune and even the county levels. As production teams gain greater autonomy, cadres may face increasing complexities and difficulties in carrying out the production plans of the

commune and county. There have already been complaints from the brigade and team cadres that they are having difficulties with some teams that are considering only their own interests, switching to cash crops that sell at high prices and reducing their grain acreage excessively.⁹ Although the supra-team cadres are charged with the implementation of state plans and the construction of local capital projects, they are being drained of the political authority and financial strength necessary to carry out these tasks. The complaints have been couched in ideological terms like "progress" or "retrogression." The latter term implies that the new system is allowing a "departure from socialism" by undermining the collective economy and dividing people into competing groups.

It is ironic that although the Cultural Revolution was an attack on the bureaucracy, the Dazhai movement resulted in greater control over the production teams and peasants by leaders at the county, commune and brigade levels. Now, the responsibility system is giving significantly greater autonomy to production teams and peasants. The division of power for levels and groups is not easily defined, and the outcome is difficult to predict. But one thing is clear; these changes will make China's rural economy, society and politics much more complex than at any time in the past 30 years. In addition to the power conflicts among various bureaucratic levels and the traditional bureaucratic resistance to change, the many forms of the responsibility system may have bewildered the cadres. However, the great variety of the system will fit into the diversified local conditions of the Chinese countryside far better than a single model such as Dazhai.

The present leadership is aware of this and has systematized its views on the responsibility system. Increasing stress has been placed on three principal forms of the system with reward-yield linkage. They are (1) *baochan daohu* (the household responsibility system), (2) *tongyi jingying, lianchan daolao* (unified management combined with linkage between the individual worker's reward and yield) and (3) *zhuan ye chengbao, Lianxi chang-liang jichou* (contract work for specialized tasks combined with a calculation of rewards by linking them to yield). These three varieties fit well into three different broad local types: areas with backward and hard-pressed economic conditions; areas in the middle range of economic conditions; and areas with better economic conditions and a relatively strong collective economy.

The second trend is the increased effort made to preserve the collective economy when the first and second forms of the responsibility system are used. Even under the household responsibility system, the production team must adopt unified planning for cultivation, and unified plowing, sowing and irrigating. When the individual reward is linked to yield, it is stressed that there should be no change in the systems

⁷See Kuan I-Chen, "Agricultural Modernization and Industrialization in China," *Current History*, September, 1976, p. 66.

⁸"Change in Commune System Implemented," *Beijing Review*, February 14, 1983, pp. 5-6.

⁹Edmund Lee, "Economic Reform in Post-Mao China: An Insider's View," *Bulletin of Concerned Asian Scholars*, January-February, 1983, pp. 20-23.

of collective ownership, of unified distribution, and of the use of the team or brigade as the basic accounting unit.

The continued success of the responsibility system as a whole in stimulating incentive and output depends on successful cooperation between the middle and lower level of bureaucrats and the peasants in preventing a drift beyond the limits allowed by the principle of "emphasizing the planned economy while giving the market the supplementary regulating role."

Because the borderline for the so-called supplementary regulating role is not clearly defined and is viewed and interpreted differently by different groups, there may still be a backlash if some localities modify the system beyond the allowable limit.

PROSPECT OF SUSTAINED GROWTH

What is the prospect for continued rapid agricultural growth in the near future? In the immediate future (in one to three years), the momentum of the reforms may continue, provided that there are normal weather condition, a large increase in the import of chemical fertilizers and insecticides, and the successful implementation of the responsibility system as a whole. In the past few years, the increase in the government purchase price of farm products has stimulated the incentive to produce. However, in 1982, the government decided not to use an additional price increase to increase output because it created budgetary deficits, subsidies and inflation. Thus a price increase will not be a stimulating factor for the next few years, and the rapid recent growth rate in agriculture probably cannot be repeated. Therefore, a lower growth rate is expected for the next five to seven years. But whether even this lower growth rate can be sustained depends on several unresolved issues.

One issue is the supply and quality of fertilizers and pesticides. The output of chemical fertilizer, after a rapid growth during 1978–1980, has leveled off. The output climbed slowly from 12,320,000 mt in 1980 to 12,781,000 mt in 1982. Most of the chemical fertilizer is composed of nitrogen with insufficient amounts of phosphate and potassium. Even in 1982, the output of nitrogen fertilizer, phosphate fertilizer, and potassium fertilizer was 10,219,000 mt, 2,537,000 mt and 25,000 mt respectively.¹⁰ This imbalance greatly reduced the potential yield of farm crops.

Furthermore, the output of chemical pesticide was insufficient in relation to the need; it also has declined in recent years from 537,000 mt in 1980 to 457,000 mt in 1982. Because of the expansion of the acreage planted in new hybrid seeds, a greatly expanded supply of pesticides is needed to deal with the increasingly

¹⁰*China: Review of Agriculture in 1981*, Table 12, p. 28, and "Communiqué on Fulfillment of China's 1982 National Economic Plan."

¹¹*Selected Works of Mao Tsetung*, vol. 5 (Beijing: Foreign Language Press, 1977), pp. 284–307.

serious insect problem. Thus a rapid increase in the supply of both chemical fertilizers, especially potassium fertilizers, and pesticides in the next few years is necessary to provide a sustained agricultural growth rate.

So far the chemical fertilizer and pesticide plants under construction are far from sufficient to maintain a sustained increase in crop yield. The increase in foreign exchange reserves in the past two years will be used to increase the import of a host of needed products; fertilizers and pesticides will not monopolize the claims.

A second issue is the increasing dependence on improvements in science and technology to generate a sustained increase in agricultural output. The rapid growth of farm output and income is due in great part to the improved efficiency and increasing productivity resulting from greater freedom to make decisions at a local level and greater specialization of production, in addition to the new incentive system. However, any further growth in output, especially sustained growth, will depend more and more on progress in science and technology.

But progress in agricultural science and technology requires large and steady investment in human capital and technology infrastructure. Different levels of agricultural technicians and scientists in agricultural schools and colleges, experimental stations, extension services and demonstration farms are required. But the payoff will materialize only in the intermediate run and the long run. No sudden breakthrough in farm production is expected within the next few years, given the level of investment already incurred.

The third issue is the diversification of agriculture. Within the overall economy, the agricultural sector is currently given first priority, followed by light industry, with heavy industry last. The more rapid development of agriculture and light industry is regarded as necessary for accelerated growth and modernization. Many more resources have been allocated to the agricultural and light industrial sectors.

In his "On the Ten Major Relationships" in 1956, Chairman Mao Zedong stressed the importance of giving higher priority to agriculture and light industry.¹¹ However during 1949–1976 these sectors were given a low priority in the allocation of total capital construction investment. Even during 1966–1976, when Mao's power and influence were strongest, these sectors were not given high priority. Only since 1978 has the share of agriculture in the total capital construction investment been increased, from 10.7 percent in 1978 to 14 percent in 1979, with a planned increase to 18 percent by 1982–1984. Thus Mao's goal of balanced growth, with greater priority given to agriculture, has finally been carried out in practice, but only with non-Mao means in the post-Mao era.

To achieve more balanced growth in the Chinese economy, the development of more balance among

the five subsectors of agriculture (crops, livestock, forestry, sidelines and fishery) is being stressed. In the crops sector, the one-sided emphasis on grain is being reversed and a better balance between grain and cash crops has been achieved. Regional specialization, more local autonomy and added producer incentive have contributed to the accelerated shift of crop acreage from grains to cash crops. The incentive program guaranteeing state supplies of grains and bonus fertilizer supplies to areas that were designated to specialize in cash-crop production has been very important in this acreage shift.

Greater grain import plays an essential role in replenishing state grain supplies for distribution to cash-crop localities. The result has been a successful increase in the acreage and production of cash crops in the past three or four years. But grain output declined significantly from 1979 to 1981 partly because of lower acreage and partly because of weather conditions. Although grain output reached a new peak in 1982, it was only 6.7 percent higher than the previous peak output of 1979. Alarmed by the lower output of grains in 1980 and 1981, policymakers were shifting in the direction of halting further decline in grain acreage.

This quick shifting between grain acreage and cash-crop acreage indicates that at least an intermediate-range policy concerning the output and import of grain and cash crops must be spelled out. Otherwise, there will again be confusion in the planning and planting of crops. However, in order to establish an intermediate-range policy, the planners must decide what degree of self-sufficiency in grain and cash crops the nation must retain. This decision depends partly on the amount of foreign exchange available and on detailed knowledge of the unit yield and unit monetary value of each of such crops in terms of foreign exchange. With such information, the planners can learn whether it is more economical to import more wheat and to produce domestically more grain crops like soybeans, which give higher unit monetary value as well as a higher unit nutritional value. A study of this matter should be undertaken by the planners so that a more predictable policy can be followed by local cadres and peasants in grains and cash crops planting.

A related issue is the issue of multiple-cropping in rice production. In the past, China has pushed to extend double-cropping and triple-cropping in rice planting to a wider area.¹² Double-cropping or triple-cropping gives greater rice yield per acre. However, the marginal yield of the second or third rice crop usually declines while the demand for inputs like chemical fertilizers, insecticides and water does not decline. Should inputs that are usually in short supply be concentrated in single-cropping or double-cropping of rice instead of double-cropping or triple-cropping of

rice in even wider areas? What are the opportunity costs of these inputs and hence of the multiple-cropping of rice?

Before the multiple-cropping of rice in China is expanded further, a detailed study by Chinese scientists and economists is needed. However, a more detailed study of multiple-cropping (as well as cash versus grain crops) depends on the completion of a detailed soil map, which would provide reliable information on the type of crops most suitable to specific plots of land, given local climate conditions. All these tasks take time, and agricultural technicians must be trained.

At present, the salary of agricultural technicians is low relative to technicians in other sectors, and agricultural colleges are not able to attract sufficient students of high academic caliber. Nonetheless, greater attention to feasibility studies, soil mapping, and the upgrading of the quality of agricultural technicians is crucial to the success of Chinese agricultural development in the intermediate and long term.

The fourth issue is price adjustment. Government procurement prices for grain and cash crops were raised significantly in 1979 and government and marketing prices for farm inputs have been lowered gradually to narrow the so-called "scissor gap" for peasants. This price adjustment, which was badly needed and had been postponed for too long, was in a sense designed to make up for the lack of gradual price adjustments by providing a large enough compensation and stimulation all at once. However, the move helped to reduce government revenue and increase government expenditure, and thus contributed to the large government deficit and to price inflation. As food prices for consumers rose in the last two years, the government had to provide special wage subsidies to compensate for the increase. This further increased the government deficit. The price of produce in the peasant free market also went up or remained at levels higher than the government sale price. Thus controlling inflation has become one of the major preoccupations of the government.

Should large price adjustment such as that made in 1979 be made in several installments instead of a single installment? With such a sharp price adjustment and the resulting deficit and inflation on the one hand,

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Kuan-I Chen has taught at Talledega College and Fairleigh Dickinson University. Among his various publications are *World Population Growth and Living Standard* (New York: Bookman Associates, 1960) and, as coauthor, *China and India: A Comparative Development* (New York: Free Press, 1971). He has also published extensively on the Chinese economy. He visited China in 1975 and in 1979; in 1979 he made an extensive tour, visiting rural communes, rural industry, irrigation and water conservancy projects.

¹²Frank Leeming, "Progress Toward Triple-Cropping in China," *Asian Survey*, May, 1979, pp. 450-467.

"The grand scheme to quadruple the value of the country's total industrial and agricultural output in the next 20 years lacks the financial and technological conditions to substantiate it. Many people in China openly express their concern that the grand new scheme may share the fate of several previous adventures like the 'Great Leap Forward' . . . and the 'New Great Leap.'"

China's Industrialization and Economic Development

BY CHU-YUAN CHENG

Professor of Economics, Ball State University

DURING the past four years, the Chinese economy has entered a new phase of reform and readjustment. Recognizing the detrimental effect of the lopsided development policies and the highly centralized planning system that had been implemented since the early 1950's, the Chinese leadership under Premier Deng Xiaoping decided to launch a wholesale reform and readjustment. Thus, the ambitious ten year plan that had been unfurled by former party Chairman Hua Guofeng in February, 1978, was scrapped and replaced by a retrenchment program. When the economy headed downward in 1980 and 1981, a mood of dismay spread across the country.

To dispel the growing gloom, in September, 1982, the twelfth national congress of the Chinese Communist party (CCP) launched a new strategy to quadruple the gross annual value of the nation's industrial and agricultural output by the year 2000. Following the announcement of its long-term strategic goal, the government made public the sixth five year plan covering the period 1981-1985. Although the downward trend of production was arrested in 1982, the Chinese economy has encountered many difficulties. Its prospects in the intermediate term are less optimistic than official statements suggest.

The economic system in China was a duplicate of the Soviet model under Joseph Stalin's rule. The entire economy was guided by a uniform national plan. The state not only set detailed production quotas, supplied most materials, and marketed the major products, but it also took away the enterprises' profits and made up their losses. The enterprises had no authority to run their own businesses.

¹*Jingji Yanjiu* (Economic Research), no. 5 (May, 1979), p. 36.

²Chu-yuan Cheng, *China's Economic Development: Growth and Structural Change* (Boulder: Westview Press, 1982), p. 217.

³Ma Hong and Sun Shangqing, eds., *A Study on Economic Structural Problems in China* (Beijing: Remin Chubanshe, 1981), p. 28.

There was virtually no linkage between the performance of an enterprise and its worker and employee remunerations. People referred to the system as "everyone eating from the big common pot." No one cared about the economic results of the enterprises; thus a continuing deterioration of efficiency resulted. By 1978, one-fourth of the state's enterprises had suffered chronic losses.¹

In resource allocation, all capital goods were excluded from circulation and were directly allocated according to a state plan. Most consumer goods were strictly rationed. The state's commercial departments were out of touch with the end users of the products. As a result, useless products piled up in warehouses. The waste was astonishing. At the end of June, 1978, the unsold inventories stockpiled in government warehouses amounted to 200 billion yuan, equal to half the annual industrial output value of the country.²

In agriculture, all lands were publicly owned and production was collectivized. The 170 million peasant households were organized into 54,000 communes. Like other collective agricultural organizations in the Soviet Union and East Europe, the commune system suffered from poor management and lacked sufficient incentives to spur the peasants to produce. As the rewards of the peasants did not correspond to their work performance, their agricultural output stagnated. By 1978, 20 years after communization, output per capita in food grains, edible oil and cotton was below the pre-commune level of 1957.³

The roots of China's economic maladies lie in three fundamental drawbacks of the system: the excessively centralized and over-rigid management stifles the initiative, enthusiasm, and creativity of the enterprises; the substitution of administrative control for market mechanisms hampers the efficient allocation of resources; and the egalitarian distribution of income dampens individual incentive and motivation.

In view of these problems, in December, 1978, the third plenum session of the eleventh party Central

Committee decided to reform the existing planning and management system. The reform is both broad and profound, touching almost every fiber of the economy. The focus, however, has centered on two major aspects.

In the urban economy, the mainstay of the reform is the devolution of greater authority to enterprises, in order to transform an enterprise into a relatively independent economic unit accounting for its own success and failure. On a trial basis, an experiment in enlarging the authority of the enterprises was first introduced to 100 industrial and transportation enterprises in 1979. By June, 1980, the program involved over 7,000 major enterprises, accounting for 60 percent of the gross value of the output and 70 percent of the profits of all state-owned enterprises.⁴

Under the new system, each enterprise can draw 15 to 25 percent of the profit made from production above its quota. The retained profit can be used to expand production, improve workers' welfare, and pay bonuses to the workers and employees. The firms can also engage directly in exports of their products or other planned production and can retain a share of the foreign exchange for the import of new technology, raw materials and key equipment. Moreover, the firms now have the right to recruit or dismiss their own workers, thus breaking the traditional "iron rice bowl system" of permanent employment.⁵

While these reforms represent a major step toward decentralization, the new policies have created many new problems. First, the reform did not touch the price system, which still fails to reflect production costs and market conditions. Because the levels of bonuses and benefits are now linked directly to profits, which are affected by the price of the product, the reform is bestowing the fattest profit on those enterprises that enjoy arbitrarily high fixed prices, not necessarily on the enterprises that are well managed. The profit-sharing scheme has created a contradiction among various enterprises.

Second, in carrying out the profit-sharing policy, a norm has to be set for the amount of profit to be delivered by each enterprise to the state. Since it is difficult to set up an objective criterion, many managers abuse the right by retaining an excessive portion of profit, causing a continuous decline of state profit revenue. In 1981, the state profit revenue registered

an 8.5 percent decrease, following a sharp decline in 1980.⁶

Third, the profit-retention power granted to enterprises and revenue-sharing rights given to local government shifted substantial amounts of state revenue from central to local governments and enterprises. In 1982, of the 70 billion yuan of fixed investment for the entire economy, only 18 billion yuan, 24.5 percent, were under state control. The remaining 75.5 percent were controlled by local government and enterprises. Most of the local investment was in ordinary processing production projects that sought only quick profits. Consequently, investments in infrastructure, like energy and transportation, have been crowded out. Funds allocated for energy dropped from 20.6 percent in 1981 to 18.3 percent in 1982.⁷ The decentralization program apparently caused more problems than it solved.

A more successful reform occurred in the rural areas and has gained increasing momentum in recent years. Beginning in late 1978, the "contract responsibility system" was introduced to replace collective farming gradually. The level and structure of farm prices were also adjusted in 1979. Starting from the marketing of summer grains in 1979, grain procurement prices have been raised by 20 percent, with an additional 50 percent raise for above-quota purchases. Procurement prices for cotton, edible oil, sugar, animal by-products, aquatic and forestry products were also raised by 21 to 50 percent.

In response to the higher procurement prices and the new contract system, in the past four years China's peasants have rapidly expanded their cash crop production and have achieved notable results. Although the food grain output was almost stagnant between 1979 and 1982, output of cotton, edible oil, sugar and meat registered substantial growth. During these four years, peasant income on the average increased 18.5 percent a year, the highest increase in 30 years. While economists consider the phenomenal growth in cash crops a one-shot affair, the contract system has revitalized the rural economy.*

REVISING DEVELOPMENT STRATEGIES

In the process of institutional reform, strenuous efforts have been made to correct the structural imbalances between agriculture, light industry and heavy industry and to scale down the scope of capital investment in order to increase the share for consumption.

For three decades, the Chinese strategy of development has been characterized by a high rate of capital accumulation with low economic results. By strictly limiting personal consumption, China has been able to maintain an exceedingly high rate of capital formation. The ratio of investment to gross domestic product (GDP) surged from 7.5 percent in the pre-World War II years to 24 percent in 1953–1957 and 40 percent

*Editor's note: See also the article by Kuan-I Chen in this issue, p. 259.

⁴Cheng, *op. cit.*, p. 192.

⁵Su Wenming, ed., *Economic Readjustment and Reform* (Beijing: Beijing Review, 1982), pp. 94–95.

⁶*Jingji Quanli* (Economic Management), no. 11 (1982), pp. 23–33.

⁷"Communiqué on the Fulfillment of China's 1982 Plan for Economic and Social Development," *Renmin Ribao*, April 29, 1983.

in 1959–1960 before dropping back to 33 percent in 1970–1978, compared with 24 percent for India and other developing nations.⁸

The lion's share of the investment went to heavy industry (55 percent in 1966–1970 and 48 percent in 1976–1980), with a very small share for the consumer goods industry (5 percent in 1966–1970 and 7 percent in 1976–1980) and agriculture (10 percent).⁹ The incessant expansion of heavy industry, especially the steel and machine-building industries, has preempted the largest share of capital investment (around 23 percent in 1971–1975). The development of the steel industry required the expansion of electricity, machinery, iron-ore mining, and transportation and fuel industries, which, in turn, needed increasing supplies of steel for basic construction.

The whole process formed a vicious circle. Because agriculture and light industry had long been neglected, their progress lagged far behind heavy industry and created a structural imbalance in the economy. This lopsided development not only kept China's living standard extremely low, but also wasted tremendous amounts of capital and natural resources.

To correct these imbalances, the 1979–1981 readjustment plan dramatically curtailed investment in steel, machine-building, and chemical industries. The total capital outlay for the metallurgical industry in 1979 was trimmed by 45 percent. The share of capital investment for textile and light industries rose from 5.4 percent in 1978 to 5.8 percent in 1979, 9.1 percent in 1980, and 10 percent in 1981. Conversely, the share of investment for heavy industry fell sharply from 54.7 percent in 1978 to 46.8 percent in 1979, 41.7 percent in 1980, and 40.3 percent in 1981.¹⁰

The limelight of the 1979–1981 readjustment plan was cast on the textile and light industries, two long-neglected sectors of China's modern industry. In 1979, many provinces and municipalities set up special organizations to promote the textile and light industries, and those industries received priorities in the supply of raw and semi-finished materials, fuel power and investment funds. As a result of the new policy, the relative share among major economic sectors has undergone significant changes. In the total output of agriculture and industry, agriculture's share rose from 25.6 percent in 1978 to 30.9 percent in 1981. Light industry's share rose from 31.8 percent to 35.6 percent while heavy industry's share fell from 42.6 percent to only 33.5 percent.¹¹ For the first time in almost two and a half decades, light industry surpassed the output of heavy industry.

Corresponding to the slash of investment for heavy

industry, the scale of capital investment under the central government was also substantially reduced. Investment as a percentage of state outlays dropped steadily from 40.7 percent in 1978 to 34.8 percent in 1979 and 29 percent in 1980. However, because greater autonomy was granted to localities and enterprises, the curtailment of state investment was overcompensated by the rapid rise of local investment. Consequently, overall investment showed a continued increase in 1979 and 1980 and resulted in a huge state budget deficit, which totaled \$19.1 billion for 1979 and 1980, the largest budget deficit in China's history.¹²

In light of these problems, in 1981 capital investment was cut by 32 percent. The cut was very deep. Not only were new projects suspended but even those well-publicized projects in which China had already invested billions of dollars did not escape the ax. Notable examples were the suspension of the second phase of construction work on the Shanghai Baoshan Steelworks and the petrochemical complex in Nanjing and Shanghai in the fall of 1981. The new curtailments reduced China's 1981 capital investment below the magnitude of 1977.

The investment cut caused a rapid slowdown in the national economy. The annual growth rate of agricultural and industrial gross output value declined steadily from 12.3 percent in 1978, to 8.5 percent in 1979, 7.2 percent in 1980, and 4.5 percent in 1981. One factor contributing to the diminishing growth rate was the sharp decline in heavy industrial output; its annual growth rate fell steeply from 7.7 percent in 1979, to 1.4 percent in 1980, and to a negative 4.7 percent growth rate in 1981. The slowdown in economic growth from 1979 to 1981 in contrast to rising expectations shook the morale of workers and managers. From one-third to one-half of the capacity in the steel, machine-building, and chemical industries were idled. The leading cadres of many enterprises became deeply discouraged and workers' attendance rates fell precipitously. Before the readjustment in 1978, 24 percent of the state enterprises suffered a loss. By 1981, the percentage had risen to 31.8 percent. Profits submitted to the state treasury by enterprises were reduced from 49.3 billion yuan in 1979 to 35.7 billion yuan in 1981, a 28 percent drop in two years.

To arrest the downward trend, development policies were again modified in 1982. The first straw in the wind was the reemphasis on heavy industry. After a sharp decline in 1981, the output of iron and steel rose to a record level in 1982. The output of the machine-building industry also picked up briskly. In contrast to the original state plan for an only 1 percent increase, the actual growth rate of heavy industry in 1982 went up 9 percent compared with only 5 percent growth for light industry. The resurgence of heavy industry has continued into 1983, causing greater

⁸Ma Hong and Sun Shangqing, *op. cit.*, p. 35.

⁹*China Newsletter* (Tokyo), no. 42 (1983), p. 18.

¹⁰*Ibid.*

¹¹*Jingji Yanjiu*, no. 10 (1982), p. 12.

¹²*Jingji Yanjiu*, no. 11 (1981), p. 12.

strain on energy supplies and transportation services. Many Chinese economists are worried that the chronic structural imbalance may soon reappear.

Another sign of change is the expansion of capital investment. After three years of retrenchment, the scale of capital investment rose again. In 1982, total investment in state-owned units reached 54.5 billion yuan, 10.2 billion yuan more than 1981, an increase of 23 percent over the previous year.¹³ In 1982, the sharp rise in capital investment was partly a response to the request to quadruple the output value in 20 years. It also stemmed from the desire of industrial departments and local governments to expand those processing industries that could bring about quick results and create jobs for the new labor force.

THE SIXTH FIVE YEAR PLAN

The abandonment of the ten year plan in December, 1978, and the incessant shift in development policies led to uncertainties for the economy and aggravated the "crisis of faith" among the people. To set a national goal, Hu Yaobang, the party's new Secretary General, announced at the twelfth party congress the strategic goal of quadrupling the gross annual value of industrial and agricultural production from 710 billion yuan in 1980 to 2,800 billion yuan in the year 2000. Quadrupling the gross output value of industry and agriculture in two decades requires an average annual growth rate of 7.2 percent. China's central planners realized the difficulties in achieving this goal and envisioned a two-stage development scheme, each covering a ten-year period. For the first decade (1980–1990), the annual growth rate in the first five years (1981–1985) is set at 4 percent, striving to achieve 5 percent. In the second five-year period (1986–1990), the growth rate is expected to rise to 7 percent and in the 1991–2000 period, the annual growth rate should be over 8 percent.¹⁴ In other words, the long-term development plan promises a moderate start, and its pace will accelerate. This strategy is somewhat contrary to the record of many advanced countries, whose growth rate began to level off as the economic base enlarged.

As the first step toward realization of its long-term goal, in December, 1982, the National People's Congress put forward the sixth five year plan, covering the period of 1981–1985. If economic development had progressed smoothly, the sixth five year plan would have started in 1981. But because of the many problems arising from the readjustment, the Beijing authorities had to work out separate plans for 1981

and 1982. Consequently, the current sixth five year plan is actually a summary of the economic results for 1981–1982 plus a rough forecast for 1983–1985.

Compared with the five year plans before 1981, the new plan displays three salient features.¹⁵ First, the growth rate of national output is much more moderate than previous plans. Between 1952 and 1978, official statistics showed that the average annual growth rate of gross output value for industry and agriculture was 8.1 percent. The 4 percent annual growth rate stipulated for the 1981–1985 period amounted to one-half the past growth rate. The slowdown is partly due to the critical shortage of energy and partly due to the huge budget deficit that prohibits the increase of capital investment. The basic tone is to achieve steady growth, rather than to engage in big leaps.

Second, there is a clear shift in development priorities. Preceding plans always took the steel industry as the "key link," and other industries served steel production. When Premier Hua Guofeng proposed the ten year plan (1976–1985) in 1978, the steel industry still assumed the leading role. The sixth five year plan has sidelined the steel industry and focused on the development of energy and transportation, the Achilles heels of the Chinese economy. The output of steel was slated to rise from 34.2 million tons in 1980 to 39 million tons in 1985, with an annual growth of merely 1 percent. Of the total capital investment for these five years, 38.5 percent will be allocated to the development of energy and transportation and only about 6 percent to the metallurgical industry.

Third, in the past, the source of economic growth was derived mainly from the increase of capital and labor. In the current five year plan, annual investment was set at only 46 billion yuan, a figure in fact lower than the annual investment in 1978–1980. The growth of future output can come only from the increase in labor and capital productivity.

The attainment of the sixth five year plan as well as the realization of the 20-year long-term goal will be subjected to many constraints. The foremost problem is the severe energy deficiency. Although China is well-known for its vast oil and water resources and for the third largest coal reserves in the world, poor coordination, planning, and management, underinvestment in future capacity, and overextraction from existing reserves have together caused stagnation in energy output in recent years. During the past four years (1979–1982), total energy output rose by only 0.7 percent per annum compared with a 9 percent annual growth in the 1952–1978 period. In the original ten year plan, the petroleum industry was expected to play a vital role as a major foreign exchange earner to balance the imports of increasing amounts of foreign machinery and technology. But in the past four years, China's output of crude oil has been stagnant, and natural gas output has dropped 50 percent.

¹³*Jingji Ribao* (Economic Daily), March 5, 1983.

¹⁴See the article by Ma Hong, president of the Chinese Academy of Social Science, "On Steps to Achieve the Strategic Objectives," *Renmin Ribao*, October 28–29, 1982, p. 5.

¹⁵Wang Jiye, "On the New Characteristics of the Sixth Five-Year Plan," *Guangming Ribao*, December 12, 1982, p. 3.

At the end of 1982, official and independent estimates pointed to a widening gap between production and consumption of primary energy. In the current sixth five year plan, the energy supply will rise at only 1.4 percent per year, while agricultural and industrial output value are expected to grow at 4 percent per annum. In 1981, a World Bank study contended that China may become a net importer of oil by 1990, and slow-growing energy supplies will be the most serious constraint on its economic growth in the 1980's.¹⁶ In 1982, the United States Central Intelligence Agency estimated that the energy constraint alone will slow China's industrial growth rate to between 3 and 5 percent annually through 1985, compared with its 9.6 percent annual growth in 1975–1980.¹⁷

Second, the development of industry, particularly the energy industry, is severely hamstrung by the backward transportation system. Coal accounts for 71 percent of China's primary energy supply, and about 70 percent of the coal is moved by rail; thus the inadequacy of the railway facilities constitutes another bottleneck. During the 1952–1978 period, the length of railway was extended only 1.1-fold yet freight volume rose 7-fold. Most major rail lines in the coastal areas have reached the saturation point. Due to insufficient railway capacity, more than 20 million tons of coal are now stockpiled in Shanxi province, a major coal-producing center in North China.

Third, since economic growth in the next two decades rests mainly on improved efficiency, the technical transformation of existing enterprises holds the key to success. Most major Chinese industrial plants were built in the 1950's and 1960's. Their equipment and facilities are outdated and obsolete. Recent official sources reveal that 42 percent of the fixed assets in the state's industrial and transportation enterprises have been in service for more than 15 years; 33 percent have been in service for more than 20 years, and 14 percent have been in service for more than 25 years. The situation is particularly severe in older industrial centers like Shanghai and Tianjin, and in older industrial sectors like textiles, paper and cigarettes. Even the machine-building industry, which was established in the 1950's, has become obsolete: Of the 28,000 varieties of machines and electrical machines now manufactured by Chinese machine-building plants, 60 percent are outdated.¹⁸ Without a thorough technical transformation of the existing 400,000 enterprises,

there will not be a significant change in energy conservation nor will there be a prospect for accelerating economic growth.

Fourth, both the development of energy and the modernization of plants require tremendous amounts of capital. According to one official estimate, China needs an investment of \$200 billion for offshore oil exploration and development. In addition, the country needs \$240 billion to renovate existing enterprises.¹⁹ Investments in these two areas alone average \$44 billion a year, double the annual capital outlay of \$23 billion for the entire economy during the current sixth five year plan.

With these constraints, the grand scheme to quadruple the value of the country's total industrial and agricultural output in the next 20 years lacks the financial and technological conditions to substantiate it. Many people in China openly express their concern that the grand new scheme may share the fate of several previous adventures like the "Great Leap Forward" in 1958–1960 and the "New Great Leap" in 1978. Although the government has mobilized prominent economists to convince the public, recent reports from China indicate that public doubts about the grand plan have by no means been dispelled.

RECENT TREND OF INDUSTRIALIZATION

In the past five years (1978–1982), the growth rate of industrial gross output value in China registered a downward trend from 11.4 percent in 1978 to 8.5 percent in 1979, 7.2 percent in 1980, and 4.5 percent in 1981. The trend was reversed in 1982 with a 7.4 percent gain. The 1983 growth rate was set at 4 percent, striving to reach 5 percent. If the actual rate is between 4 and 5 percent, it will indicate a continuation of the downward movement.

During this period, the growth rate of heavy industry was erratic, trending downward from 7.6 percent in 1979, to 2 percent in 1980, and a negative 4.7 percent in 1981, followed by a sudden upsurge of 9.3 percent in 1982. In contrast, light industry entered a period of substantial growth—9.6 percent in 1979, 18.4 percent in 1980, and 14 percent in 1981. However, it lost momentum in 1982 with a growth rate of only 5.6 percent. For 1983, the planned growth rate for light industry was 4.1 percent and for heavy industry 3.9 percent.²⁰

Although the guideline of the readjustments seeks continuous expansion of light industry and the energy industry at the expense of steel and machine-building, development since the latter half of 1982 fails to support this policy. The decline in light industrial output is partly due to the resurgence of heavy industry, which squeezed out light industry from the supply of raw materials, energy resources, and transportation, and is partly due to the oversupply of low-quality products rejected by consumers. At the same time, as

¹⁶*Far Eastern Economic Review*, August 14, 1981, pp. 48–57.

¹⁷Robert M. Field and Judith A. Flynn, "China: An Energy-Constrained Model of Industrial Performance Through 1985," in United States Congress, Joint Economic Committee, *China Under the Four Modernizations* (Washington, D.C.: U.S. Government Printing Office, 1982), pp. 335–357.

¹⁸*Nanjing Daxue Xuebao* (Journal of Nanking University), no. 1 (1980), p. 38.

¹⁹*China Daily*, February 17, 1982, p. 4.

²⁰*Zhongguo Xinwen She*, June 7, 1983.

capital investment expanded, demand for steel and machinery rebounded. Crude steel production hit a record of 37,150,000 tons in 1982, up 4.4 percent from 1981, and slightly above the previous high of 37,100,000 tons in 1980. In early 1983, the government decided to resume the second stage of the Baoshan steel complex in Shanghai, reversing its 1981 decision.

The machine-building industry, the backbone of Chinese modern industry, underwent a substantial change in 1982. In 1981, its relative share in overall industrial output stood at 23.6 percent, the largest among all industrial sectors. The industry suffered a deep recession in 1981, when half its capacity was idle. The 15.9 percent growth in 1982 helped to regain some of the lost ground. The administrative structure of the industry also changed notably. Some ministries in machine-building were merged or took on new names and the Sixth Ministry of Machine-Building was abolished in favor of a new corporation.

Performance of the energy sector was mixed. Coal production hit a record of 644 million tons in 1982, exceeding the target by some 20 million tons. Of the total production, state-controlled mines turned out 350 million tons, exceeding the target by 5 million tons, while local small mines produced 294 million tons, 15.9 million tons more than the target. This reflects the new importance attached to the expansion of small mines to cope with the coal shortage. Output of petroleum remained stagnant. In 1982, production stood at 102 million tons, which had remained at the same level for 5 years. Open bidding was conducted last spring for the development of offshore oilfields, but it will be at least another five years before large-scale production begins.

The key problem of industrial development at the current stage is the diversion of scarce capital and materials to many small local projects at the expense of key industrial projects that are essential for modernization. To cope with the situation, in April, 1983, the State Council designated 70 key construction projects to receive top priority in the allocation of funds, materials and labor. They are expected to play a vital role in China's projected economic upsurge in the next decade. Among the key projections are the Shanghai Baoshan iron and steel complex, the mammoth Gezhouba hydroelectric power station in Hubei, the Longyangxia hydroelectric power station in Qinghai, the five open-pit mines in Huolinhe, Yiminhe, Yuanbaoshan, Zhunge'er, and Pingshuo, the project of diverting water from the southern part of the Luan He and the Beijing-Wuhan-Guangzhou coaxial cable project. The completion of these key projects on schedule will have a great bearing on the sixth five year plan.

²¹Xue Muqiao, "China's Current Economic Situation—Analysis and Prospects," *Renmin Ribao*, June 3, 1983, p. 5.

²²*Beijing Review*, no. 13 (March 28, 1983), pp. 17–19.

Another crucial determinant of Chinese industrialization lies in the improvement of economic efficiency. Despite recent reform and readjustment, efficiency in state enterprises shows no sign of advancement. According to Xue Muqiao, the architect of the readjustment program, the upsurge of industrial output in 1982 was achieved at the expense of economic efficiency. Many local government and industrial departments blindly sought growth without paying attention to product quality, energy conservation, and labor productivity. If the situation continues, the Chinese economy may soon slip into the old course.²¹

PROBLEMS AND PROSPECTS

The reforms in China's economic institutions, the changes in its industrial structure, and the formulation of the long-term development plan indicate the new leadership's concerted efforts to get rid of the Stalin model as well as many of the principles and institutions that were held sacrosanct by the Maoists. Although these efforts are bound to have a positive effect on China's economic development, the Chinese economy has been affected by 30 years of irrational policies and is still controlled by a huge bureaucracy.

The number one difficulty stems from the huge population, which has surpassed the one billion mark and continues to grow. Half the population in China is now under the age of 21. In the next 18 years, an average of 20 million young people will reach marriageable age each year. That means that about 13 million babies will be born annually. From 1964 to 1982, China's population increased by 310 million. If the trend continues, by the year 2000 the total population will top 1.3 billion. Despite the government's strict policy of one child per couple, recent rural policies tend to encourage a large family. Under the contract system, the land is assigned to peasant households according to family size. A large family is considered superior to a small one in manpower supply and multiple-cropping as well as sideline operations. The situation has rekindled the traditions of early marriage and a large family in the rural areas. During the past three years, the natural growth rate of China's population rose from 10.7 per thousand in 1980 to 14.49 per thousand in 1982.²²

The continued population increase has enormous implications for economic growth. Most conspicuous is the steady decline in landholding per capita. During the past 3 decades, while the population rose by 450

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Chu-yuan Cheng, formerly senior research economist at the Center for Chinese Studies at the University of Michigan, is the author of more than 10 books and many articles on the Chinese economy. His latest book is *China's Economic Development: Growth and Structural Change* (Boulder: Westview Press, 1982).

"The institutional and leadership revolution that Deng Xiaoping has engineered since the beginning of 1982 has been extensive in scope." But his effectiveness at reforming only the state structure "underscores the fact that power in China continues to reside in the party and not the state. . . ."

China's Administrative Revolution

BY H. LYMAN MILLER

Chinese Affairs Analyst, Foreign Broadcast Information Service

SINCE the beginning of 1982 the Chinese Communist party's reform leadership under Deng Xiaoping has brought about a radical transformation in China's institutional structure and a sweeping turnover of leaders at the forefront of Chinese politics. Implementing these structural reforms and leadership changes fulfills to a very large degree goals that have been central to Deng's efforts to set China on a course of intensive modernization and to alter the fundamental character and style of Chinese politics. As Deng Xiaoping himself observed in February, 1982, as the first series of institutional and leadership changes was about to be announced, the new political reforms would be a great "revolution in administrative structure."¹

Naturally, Deng's reforms have been highly controversial. The changes touch the lives of China's officialdom directly. The creation, merger, reorganization and outright abolition of institutions disrupt the pattern of personal ties and loyalties between leaders and subordinates that permeates the political process in China. Drastic revisions in the criteria used to evaluate the performance of officials and to judge their suitability for promotion blunts careers and in some cases ends them altogether. Pressure for veteran leaders to retire and make way for younger officials possessing skills better suited to administering an increasingly complex society injures the pride and prestige of men who risked their lives in China's revolution.

The scope and pace of the political reforms Deng has brought about over the past year and a half are remarkable; as much as any other political event the reforms attest to his extraordinary tactical skill and to the sheer force of his personality. By the same token, the tenacity of the political resistance to his reforms illuminates the limits of his power and defines the areas in which he has been forced to compromise. Taken as a whole, the political course of Deng's attempt to transform China's political landscape leads

western scholars to speculate about the depth and permanence of his revolution.

The thrust of Deng's political reforms has been toward the establishment of a durable party and state institutional structure as a framework for China's rapid economic modernization. Within that structure, Deng has tried to apportion power and initiative according to legally defined duties and responsibilities. He has provided rational administrative rules and procedures and specific criteria to guide and assess performance according to the objective functional demands of economic growth under socialism. Organization and the individual's disciplined allegiance to its dictates have thus been the watchwords of Deng's reforms.

At the same time, Deng has attempted to solve the increasingly pressing problem of the aging of China's leadership at all levels. His institutional reforms have been accompanied by an aggressive attempt to bring about a generational transition in Chinese officialdom, replacing the veteran revolutionaries who waged the Communist revolutionary struggle and have dominated politics in China over the past three decades. Younger leaders are being promoted expressly because of their administrative and technical expertise. Deng's efforts are aimed not only at solving the problem of leadership senescence but also at accelerating the direction of his institutional changes.

Overall, the thrust of Deng's reforms places him at clear odds with the Maoist strain of Chinese communism that dominated the Chinese scene after the 1960's. Increasingly alarmed at the social consequences of the economic success of China's first five year plan (1953-1957), Chairman Mao Zedong had struggled to find an alternative path to economic growth that did not sacrifice the egalitarian ideals of the Chinese Revolution. The culmination of Mao's search was, of course, the Great Proletarian Cultural Revolution, a movement intended in part to bring forth "a new generation of revolutionary successors" true to the values and ideals Mao sought to preserve.

Mao had stressed egalitarian ideals and values and was ready to seek alternative paths toward economic progress that avoided the recrudescence of elitism that

¹For further background, see the 1981-1982 reports of the Foreign Broadcast Information Service, *Daily Report—China*.

accompanies modernization. But Deng has been ready to postpone the fulfillment of those ideals and to tolerate and even to condone some of the social stratification that modernization seems to promote. Mao sanctioned renewed class struggle against the institutions of the people's state and against the party itself when it no longer reflects their interests. But Deng has called for unfailing discipline to the party organization and universal acceptance of the law of the socialist state. In destroying the party and state organizations over which he had presided in the Cultural Revolution, Mao suppressed the careers and views of men more inclined to tolerate some measure of social stratification and class antagonism as an inevitable but not insuperable aspect of economic development. Beliefs of that sort had come to the fore at the party's eighth congress in 1956, and it was that strain of Chinese communism—and its parallel in the Soviet Union—that Mao explicitly repudiated. But the man who most clearly emerged as the object of Mao's antagonism was Deng Xiaoping.

In promoting his own political reforms, Deng Xiaoping has been explicit about the need both to discredit the Cultural Revolution and to restore the institutions and practices of the eighth congress period. Deng's first victory on both those scores came at the third plenum in December, 1978, when the session's communiqué declared that economic modernization—not class struggle—was the focus of the party's work and, repeating language used by party Vice Chairman Liu Shaoqi at the eighth congress, observed that “the large-scale turbulent mass struggles” of the past were no longer appropriate to China's present stage.

The definitive party judgment on Mao and the Cultural Revolution came at the party's sixth plenum in June, 1981, which passed a highly authoritative party resolution that endorsed Deng's views on both issues and affirmed the direction of Deng's leadership and institutional reform. Calling for broad efforts to reform the nation's political institutions and to establish an effective and universally applicable legal system, the resolution declared that “the chaotic situation that obtained in the Cultural Revolution must never be allowed to happen again in any sphere.”

From this perspective, Deng's “revolution” is a restoration of attitudes, values and approaches to the issues of China's development and the party's role that prevailed in the party leadership in the 1950's, but heavily influenced by the experience of the Cultural Revolution. Leadership statements and press commentary on various aspects of the institutional and leadership changes over the past year and a half have frequently cited precedents from the period before 1966; they explicitly explain that the reforms are intended to prevent recurrence of any of the Cultural Revolution phenomena.

Deng's efforts to introduce major institutional and

personnel changes into both the party and state apparatus were intended to overturn the authority of Mao Zedong's doctrines as the basis of legitimacy. Many of the reforms implemented in the past year and a half were foreshadowed in preliminary steps Deng and his allied reformers took earlier, especially during the high tide of Dengist reform in 1980. Those early steps were blunted, however, and the various factors and changes in party priorities that sidetracked Deng's reforms late in 1980 had a clear impact on the reforms and the way in which they have been carried out in the last year and a half.

The first indication that Deng's reform wing of the party was moving rapidly toward major structural reform in the party and state was the party's fifth plenum in February, 1980. The plenum formally restored the party secretariat, a body intended to oversee active implementation of the leadership's policies; it was also a prelude to a more formal division of the leadership itself into a “front line” of younger leaders supervising the day-to-day work of the party at highest levels and “second and third lines” of veteran leaders serving the party in advisory capacities. Signaling the same intent was the addition of Hu Yaobang—also appointed head of the restored secretariat—and Zhao Ziyang—the man elevated later in the year to the post of Premier—to the Politburo standing committee; these two were explicitly described as leaders possessing proven capabilities and yet “in the prime of life.” Immediately following the plenum, moreover, listings of the Politburo leadership were revised, elevating a group of aged veteran leaders above the rest of the membership, implicitly suggesting that they were slated to retire to an advisory second rank.

As autumn of 1980 approached, Deng's efforts clearly accelerated toward convocation of the party congress early in 1981. Beginning in August, 1980, Deng and allied reformers outlined a broad proposal for major structural reform, including plans to abolish the traditional Central Committee and Politburo and to establish in their place a “central executive committee,” a central advisory committee and a disciplinary commission. The Chinese press meanwhile published a steady stream of commentary criticizing traditional abuses of power, such as “lifetime tenure” for cadres in official positions, the arbitrary selection of successors for posts without democratic procedure, and the necessity for new criteria to evaluate and promote cadres. Deng's progress toward his goals also seemed apparent in Premier Hua Guofeng's disappearance from public view in late November—presaging his anticipated loss of the party chairmanship—and the publication of a brief party resolution in December announcing provision for “advisory” posts throughout the party.

Meanwhile, Deng was advancing simultaneously toward reform in the state structure. At a National People's Congress (NPC) session in September, 1980, Hua

Guofeng stepped down as Premier in favor of Zhao Ziyang, the former party chief in Sichuan province, whose implementation of contract responsibility systems there had pioneered agricultural reform nationwide. At the same NPC session, several veteran leaders, including Deng, resigned long-held positions as Vice Premiers in a great show of veteran selflessness for the benefit of younger, more active men. And paralleling the fifth plenum's call for a revised party constitution, the 1980 NPC session commissioned the revision of the Chinese constitution as well.

The anticipated climax of the awaited party congress was postponed, however. Deng's institutional and political reform program appeared to slow on all fronts by the year's end. The primary factor in this sudden reversal of Deng's surging political momentum appears to have been a drastically pessimistic reappraisal of China's economic situation. The central work conference, convened in late December and originally scheduled to deliberate issues of party structural reform and the definitive assessment of Mao and his legacy in preparation for the congress, instead discussed urgent economic issues and related problems. Authoritative press commentary reasserted the necessity of ensuring balanced "readjustment" of the various sectors of the economy. Economic reforms would have to be sharply limited or curtailed altogether wherever they violated the demands of readjustment.

Political commentary shifted in step. While the Chinese press had carried a torrent of Dengist comment through the fall of 1980 on the need for broad structural and procedural reforms against traditional political abuses like lifelong cadre tenure, dictatorial leadership styles and secretive succession arrangements, press commentary after December, 1980, dwelled instead on the need to promote a party work style more in keeping with times of severe economic dislocation.

In this period of economic and therefore political uncertainty, the reform agenda that Deng was pressing so forcefully in 1980, slipped in 1981. The party congress projected for early 1981 did not convene until September, 1982—thus failing to meet the requirement of the fifth plenum to meet ahead of schedule. The leadership instead convened the sixth plenum in June, 1981, which dealt with a more limited reform agenda: the plenum formally rendered the definitive resolution of Mao Zedong and the Cultural Revolution, and Hu Yaobang succeeded Hua Guofeng as party Chairman.

When political reform was discussed in the press in the first several months of 1981, discussions were extremely guarded. One very clear example is the revision of the criteria put forward by the Dengist reformers for evaluating and promoting party cadres. Through the summer and fall of 1980, press commentary reflecting the reformers' goals had called for

the ranks of the party's cadres to become "younger, more professional and more knowledgeable." These criteria accorded clearly with the overall thrust of Deng Xiaoping's aim of rebuilding the party into an instrument suitable to guide China's rapid economic development and with his attempts to establish procedures of orderly transition and succession. The rejuvenation element aside, the criteria stressed the "expert" side of the pre-Cultural Revolution "red" versus "expert" dichotomy.

Following the drastic revision of the party's priorities in the winter of 1980, commentary on cadre criteria in the spring of 1981 added a new element. Cadres in the party, commentary noted, should not only be "younger, more professional and more knowledgeable" but also "more revolutionary." In a context of party leadership defensiveness during a period of economic uncertainty, when the press was stressing themes of party purity, Deng's reformist cadre criteria were suddenly "red" again as well.

That the revision of cadre criteria was controversial seems clear from authoritative leadership statements in 1981. When leaders spoke on behalf of the leadership as a whole, they used the revised formula that cadres be "younger, more professional, more knowledgeable and more revolutionary." Party Chairman Hu Yaobang, for example, used the new four-element formula in his speech marking the party's 60th anniversary on July 1. That Deng Xiaoping himself did not agree with the addition of the fourth element to his list of reform cadre criteria seems apparent from his refusal to use it.

In occasional statements after the sixth plenum, Deng used his own fourth element: cadre ranks should become "younger, more professional and more knowledgeable" and cadre administrative procedures should be "more systematic." The head of the party's organization department, Song Renqiong, used a formula combining all five elements, calling for the party's ranks to become "more revolutionary, younger, more professional and more knowledgeable" and for cadre administrative procedures to become "more systematic."

When it became clear that by the end of 1981 Deng had regained some of the political initiative for instituting broad structural and personnel changes, it was also apparent that such reforms would be undertaken only within a more limited and conservative leadership consensus. From early 1982 through to the sixth NPC in June, 1983, in both the party and state, major changes were instituted step by step that substantially fulfilled many of Deng's reform goals. In many respects, nevertheless, the changes fell short of what Deng had evidently hoped to achieve in 1980.

The reforms began in early 1982 with major transformations in China's State Council and in the party Central Committee's department structure—areas of

the bureaucracy most directly under the supervision of the reformers. Administrative reform in the State Council had been named a major task for 1982 by Premier Ziyang in his work report to the NPC session in December, 1981. In his toast at the annual Spring Festival on January 24, party Vice Chairman Li Xian-nian reaffirmed the fact that such reforms were one of the two main tasks facing the country in 1982. And reemerging from an absence from public view of several weeks in February, Deng Xiaoping himself observed that preparations for the administrative reforms had the united backing of the leadership.

At an NPC standing committee session on March 2, 1982, Zhao Ziyang outlined the first of a series of structural and staffing changes in the State Council. Explaining that the changes would provide for a "rational division of work and functions" and would increase administrative efficiency, Zhao elaborated plans for an ultimate reduction of the State Council's ministries, commissions and agencies from 98 to 39—a cut to be achieved primarily through the consolidation and merger of bodies sharing overlapping functions and responsibilities. At the same time, Zhao called for a reduction in the State Council's work force by nearly one-third, and he laid out specific guidelines for the retirement of veteran cadres and for the qualifications and age of their replacements. At the session, Zhao described the reorganization of 12 State Council organs into 6, which, together with corresponding staffing cuts, he presented as an exemplary first step in the reform process elsewhere in the State Council.

In the same speech, Zhao also outlined steps to modify the top leadership of the State Council. All but two of the several Vice Premier posts would be abolished, Zhao stated, and he recommended the institution of new "state councillor" positions. The assembled Premier, Vice Premiers, state councillors and State Council secretary general would comprise a State Council standing committee set up to preside over the day-to-day affairs of government. These structural changes taken as a whole, Zhao explained, would help to clarify channels of authority and decision making and would institutionalize a process of "orderly and systematic" succession in the State Council.

In another speech to an NPC standing committee session in April, Zhao announced the virtual completion of the State Council reforms, together with intended personnel changes throughout the structure. The reforms, to judge by the lists of appointments approved by the NPC standing committee session, produced a dramatic turnover of officials. With a few significant exceptions, almost all the ministries and commissions had new ministers, a sizable number introduced from outside their respective ministries.

The State Council reorganization was achieved with at least some foot dragging and resistance. Zhao himself claimed in his April speech that the reform had

gone smoothly "on the whole," but he noted that some ministries still had not finished their reorganizations. In announcing the consolidation of ministries and commissions, he stated that the number of State Council bodies was 41, not 39 as he had originally projected in March. Also notable was the failure of the Ministries of Defense and Public Security to appoint new Vice Ministers.

The same NPC standing committee session also approved a draft of a new Chinese constitution for study and circulation nationwide, a document that strongly reflected Dengist goals for reform. Most notable among the new constitution's structural changes were the restoration of the office of President as a formal head of state enjoying duties closely paralleling those provided for under the 1954 state constitution, and the establishment of a Chinese Central Military Council. The latter change accorded with Deng's tireless efforts in recent years to depoliticize the People's Liberation Army (PLA) and to arrange safeguards against any recurrence of the PLA's heavy involvement in party politics. In contrast, state constitutions adopted at the 1975 fourth NPC and the 1978 fifth NPC had specified that the Chairman of the party, and not the Chief of State—as provided for by the 1954 constitution—would command the PLA. The historian Hu Sheng, who participated in the drafting of the new constitution, observed that the change was intended to clarify "confusion" over the respective roles of the party and state in supervising the army. Press commentary at the time explained similarly that although party leadership of the army was appropriate to times when the party was struggling to gain national power, state control over the armed forces is more appropriate to a "mature" socialist state.

The constitution also laid out in elaborate detail the specific duties and functions of the various state leadership posts and organs within the state structure, defining precise checks and balances and specifying limitations on tenure to prevent traditional abuses, like excessive concentration of power in the hands of a single leader. In keeping with the Dengist stress on the supreme role of law in regulating political behavior—and clearly with the aberrations of the Cultural Revolution in mind—the constitution also spelled out detailed provisions for the rights and obligations of all citizens and for due process of law.

The party's twelfth congress, held on September 1–11, 1982, carried out major revisions in the party structure, paralleling the changes introduced into the state institutional hierarchy the previous spring. In this instance, however, resistance to Deng's institutional reforms was much more clearly evident. The congress formally ratified a party central organizational structure comprised of a Central Committee, the discipline inspection commission and a new central advisory committee. Where Deng and associated party reform-

ers in 1980 had suggested the abolition of the Politburo in favor of a Central Committee standing committee, the congress retained the traditional Politburo and formalized the Politburo's standing committee as "the core of the leadership in the day-to-day work of the party." And while some party leaders had confided to foreign visitors before the congress that the party military commission might be abolished in favor of the state Central Military Council, the party body was retained.

The pattern of leadership changes registered at the congress also suggested that all of Deng's plans are not complete. While Deng had hoped that the new central advisory committee would serve as a temporary organ of generational transition in the party leadership, virtually all the eldest party leaders refused to join him in it, choosing instead to remain on the Politburo. Deng's hand seems to have been strengthened on the Politburo itself by the addition of members sympathetic to his reform cause and the expulsion of inactive members like the model peasant Chen Yonggui and the deposed party Chairman Hua Guofeng, but the boycott of reform at lower levels of the party was unmistakable.

The congress formally abolished the position of party Chairman, leaving Deng's protégé, General Secretary Hu Yaobang, still the highest-ranking leader in the party. One of the drafters of the new party constitution adopted at the congress, Hu Qiaomu, acknowledged flatly that the abolition of the party chairmanship in favor of the post of General Secretary—who is simply to convene and preside over the secretariat—is intended to "make it difficult for the phenomenon in which power is overconcentrated and arbitrary decisions are adopted by a single individual."

Also registering gains for Deng, the new party constitution specifically outlawed practices abetting the formation of leadership personality cults; and it laid out in detail the various functions and responsibilities of leadership posts as in the state constitution. More than any previous party constitution, the new party rules specified criteria for party membership and incorporated passages on cadre responsibility and behavior.

Events through the remainder of 1982 and the early months of 1983 have borne out trends in institutional and political reform already apparent during the party congress. In the fall of 1982, a major rotation of military region commanders took place, with those who had joined the party central advisory committee at the party congress retiring. At the November 26–December 10 session of the NPC, the draft state constitution was formally adopted with only marginal changes. In late March and early April, 1983, party leadership at the provincial level was reorganized under heavy central supervision.

As had been the case at the party congress, indica-

tions of political resistance were evident in this round of changes; thus compromise arrangements emerged from the reorganizations in provinces like Hunan and Shandong. Four provincial party first secretaries, including Beijing party chief Duan Junyi, for example, remained in place although they had joined the party central advisory committee at the party congress. By contrast, the reorganization of provincial state leaderships in the wave of provincial people's congresses a month later brought far more sweeping changes: 26 of the 29 provincial governors retired, by and large joining provincial people's congress standing committees swollen with veteran leaders. In the case of both the provincial party and state transitions, *Renmin Ribao* front-paged province-by-province summaries advertising the youth and professional qualifications of the new provincial leaderships.

The sixth NPC, held on June 6–22, 1983, brought to fulfillment Deng's program of institutional reform at the top levels of the state. The conservative economic planner Li Xiannian was elected President of China. Deng himself was elected chairman of the state Central Military Council, an event that underscores the conclusion that his personal power—and not the various institutional arrangements he has so diligently fostered—still commands the respect of the People's Liberation Army.

The institutional and leadership revolution that Deng Xiaoping has engineered since the beginning of 1982 has been extensive in scope. The changes give clear testimony to Deng's remarkable skill and tenacity in the face of serious political setbacks. Similar reforms have been attempted on a more limited basis in other Communist states; the Khrushchevian Soviet Union comes immediately to mind. How effective Deng will be in decisively changing the style of China's political process remains to be seen.

Resistance to Deng's reforms emerged throughout the course of their implementation. He proved to be far more effective in reform in the state structure, both at the central and provincial levels. That fact, in the context of his less successful efforts to bring about more penetrating changes in the party, underscores the fact that power in China continues to reside in the party and not the state, despite Deng's best efforts to separate their authority. Deng's strongest political opposition continues to be the party's eldest veterans and secondarily the PLA. To judge by the experience of other Communist countries, the threat to the permanence of reform in either quarter warrants a degree of concern on Deng's part. ■

H. Lyman Miller is also a lecturer in Chinese history at the School for Advanced International Studies, the Johns Hopkins University. The views expressed in this paper are not necessarily those of the United States government or of any of its offices or agencies.

BOOK REVIEWS

ON CHINA

PATTERNS IN THE DUST: CHINESE-AMERICAN RELATIONS AND THE RECOGNITION CONTROVERSY, 1949–1950. By *Nancy Bernkopf Tucker*. (New York: Columbia University Press, 1983. 396 pages, notes, bibliography and index, \$35.00, cloth; \$15.00, paper.)

This careful study of the 18 months between the beginning of Harry S. Truman's second administration in 1949 and the start of the Korean war in June, 1950, analyzes the myriad forces that shaped United States policy toward China as the Communists came to power and the Nationalist forces took flight to Taiwan. Tucker presents the dynamics of Truman's approach very clearly, offering a detailed picture of the international, legislative, corporate and media forces that influenced policy. W.W.F.

THE ORIGINS OF STATECRAFT IN CHINA, VOL. I: THE WESTERN CHOU EMPIRE. By *Herrlee G. Creel*. (Chicago: University of Chicago Press, 1983. 559 pages, notes, appendices, bibliography and index, \$8.95, paper.)

The Western Chou period (1122 B.C. to 771 B.C.) was the earliest period of the Chou dynasty and one of the most important and impressive. During that era, a host of durable ideas and institutions developed, lasting until the Chinese imperial government collapsed in 1912. Herrlee Creel bases this assessment on a complicated argument that the emperors "ruled an empire, rather than a loose confederation of vassal states," but his extensive analysis of the Chou conceptions of government finance and administration, justice, the military and political ideology makes for interesting reading itself. Moreover, Creel's grasp of European history allows him to contrast and compare the Chou model of government with Western models. W.W.F.

MAO'S HARVEST: VOICES FROM CHINA'S NEW GENERATION. Edited By *Helen F. Siu and Zelda Stern*. (New York: Oxford University Press, 1983. 231 pages, illustrations and index, \$17.95.)

Mao's Harvest is a compilation of essays, novellas and poems by those who participated in the Beijing "spring" between 1979 and 1981. The depth of emotion and adroit observations expressed by these young writers make this an especially valuable study of the human side of China's lurch from the Cultural Revolution to the new policies of modernization. W.W.F.

CHINA'S ECONOMIC REFORMS. Edited by *Lin Wei and Arnold Chao*. (Philadelphia: University of Pennsylvania Press, 1983. 337 pages, glossary and index, \$25.00.)

This valuable edition of essays represents the Chinese view of what is wrong with China's economy and how China could become a major economic power. Written by Chinese economists, political scientists and other specialists, the essays give a well-rounded analysis of problems of economic production, like waste, inefficiency, the underdevelopment of agriculture and light industry, and centralized administration. Debates on changing the system—the implementation of a market mechanism in a socialist economy, with the concurrent problems of allowing individual ownership of enterprises and the pricing of goods and services—are also covered in an undogmatic manner. W.W.F.

LAND REFORM IN CHINA AND NORTH VIETNAM. By *Edwin E. Moise*. (Chapel Hill: University of North Carolina Press, 1983. 305 pages, glossary, notes, bibliography and index, \$18.95.)

A comparative study of land reform in China from 1946 to 1953 and in North Vietnam from 1953 to 1956, based on Chinese and Vietnamese sources. The problems of implementing land reform, especially the early emphasis on radical programs and the gradual adoption of more moderate policies, are clearly documented. W.W.F.

THE GOVERNMENT AND POLITICS OF THE PEOPLE'S REPUBLIC OF CHINA, 3D EDITION. By *Derek J. Waller*. (New York: New York University Press, 1982. 228 pages, notes, bibliography and index, \$22.50, cloth; \$9.00, paper.)

Derek Waller has updated this short, excellent introduction to the People's Republic of China. Changes since the death of Mao Zedong are analyzed in chapters that outline the basic structure of the party, state, economy, military and foreign policy. W.W.F.

CHINA BRIEFING, 1982. Edited by *Richard C. Bush*. (Boulder, Col.: Westview Press, 1983. 150 pages, index and appendices, \$16.95, cloth; \$6.95, paper.)

THE DYNAMICS OF CHINESE POLITICS. By *Lucien Pye*. (Cambridge: Oelgeschlager, Gunn & Hain, 1982. 307 pages, \$9.95, paper.)

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CHINA'S DYNAMISM IN THE STRATEGIC TRIANGLE

(Continued from page 244)

States Immigration and Naturalization Service was rumored to have many Chinese requests to stay). A comparatively small number of Americans studied or taught in China (about 50 officially sponsored students and perhaps several hundred more taking language courses and teaching); 1,700 licenses for technology transfer were approved in 1982 alone; and consultations (in some cases cooperation—about Kampuchea, Afghanistan and Pakistan) continued over a wide range of subjects.

But even in these matters, there were problems. In early 1983, United States Secretary of State George Shultz traveled to Beijing for a policy session with China's leaders. He said he had a constructive series of meetings there, but literally as soon as his plane got off the Beijing runway the Chinese news media issued a statement indicating a far less felicitous—nay, a downright negative—interpretation of the visit. And later in the year, when a private American group associated with the Atlantic Council went to the Chinese capital with a draft policy paper on China that admittedly bent over backward to please the Chinese, practically every section was criticized by its Chinese counterparts. In mid-1983, American officials averred that, with the Taiwan arms sale and technology transfer issues safely resolved (so they thought), the final obstacles against long-term good relations and overall cooperation had been overcome. The future might even bring a resuscitation of strategic military talks and cooperation. If seriously held, this view evidenced a fundamental misinterpretation of the direction of Sino-American relations.

SINO-SOVIET RELATIONS

If the Americans and Chinese were thus not yet out of the woods, neither were the Russians and the Chinese. But the important news in Sino-Soviet relations was that China had finally decided to negotiate its differences with the Soviet Union and to separate issues into clusters no longer quite so tightly bound to the whole. Progress in one area might help to break the vicious circle and lead to general improvement. The Soviets, of course, were chafing at the bit, for they had been waiting for the Chinese to come around for over two decades and had convinced themselves that good things would happen once Mao was out of the way. In 1982, six years after Mao's death, the Chinese finally began to open up. Trade turned significantly upward, from the \$300 million bottom to close to \$1 billion. Chinese students and delegations began to reappear in Moscow, albeit still in small numbers. The Kremlin sent several diplomatic missions to Beijing

(two of them under the guise of "private" visits by ranking China specialists) to test the water, which was found no longer to be freezing. The Chinese in early 1982 sent out some faintly positive signals in response to Soviet overtures.

Soviet President Brezhnev's last major pronouncements, in Baku in September and in Moscow in October, contained an invitation for the Chinese to march through the open Kremlin door. The Chinese did just that, sending Foreign Minister Huang Hua to Brezhnev's funeral, where he pointedly sought out the new Soviet leader, Yuri Andropov, and the Soviet Foreign Minister, Andrei Gromyko. Things seemed to go well, and Huang made some very encouraging noises on his departure from Moscow. But when he got back to Beijing, he was summarily pulled off the plane and peremptorily retired. Something had obviously gone wrong. Clearly Huang had moved out ahead of general Chinese policy, probably because he became enthusiastic about what the Russians had told him in Moscow (about which more below). Chinese policy was to modify both its policy toward the United States and the Soviet Union, carefully and in tandem. If a turn for the better with Moscow took place too quickly, it could frighten the Americans, ruin the campaign of garnering American support for the four modernizations, and lose Washington's interest in standing with Beijing against Moscow. At the very least, that could weaken the Chinese bargaining in the ongoing negotiations with the Russians.

On the other hand, Soviet leaders had to be made to understand that, with time and cooperation, their status in Beijing might improve. To that end, in 1982 and 1983 China gradually worked its way into formal talks with the Soviet Union on a whole range of divisive issues, including the border question and the attendant issue of the Soviet military threat. China's long-term goals vis-à-vis the Soviet Union are apparent: eventually to exclude Soviet influence from all of Asia; in the intermediate period, to remove the overt threat to China's security posed by Soviet military power; and, in the short run, to improve relations with the Kremlin to the point where Soviet industrial supplies can be added to those already flowing in from the West, thus accelerating China's economic modernization.

All of that is obviously too much for the Soviet Union to swallow; if agreed to, it would mean the end of Soviet superpower status as well as the creation of a Chinese giant whose attitude toward the Soviet Union would be problematic at best. China thus must convince the Russians that great future benefits will come from a few immediate Soviet concessions (important ones to be sure), and that the long term holds no great threat from Beijing.

China's negotiating style, however, is holistic and peremptory. Beijing says that, for any permanent im-

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SCIENCE AND TECHNOLOGY IN CHINA

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changes taking place below the surface of verbal irascibility. The introduction of the household production responsibility system in the countryside—in essence, family tenant farming—signals far-reaching changes in the regime's attitude toward individual initiative and decision making.

Granted, the system was put into effect under pressure of extreme necessity, a sort of shotgun wedding of communism and family enterprise, and its future is uncertain. However, it represents a real reform, not just the usual tinkering with the command economy's administrative apparatus. Suddenly, without any bother or cadre intervention, the peasants get up in the morning, work assiduously and efficiently until after sundown, and seek out on their own, purchase, and apply new farm techniques that actually fit their land and livestock because there is an opportunity for personal profit. The latest reports from China suggest that, contrary to past trends, a similar but more conservative movement may also be on foot in industry.¹⁰ The chance that the bureaucrats will liquidate themselves and that veteran state socialists will eliminate state socialism (or at least change it beyond recognition), is not a sporting chance. But change the system must, if it is to generate and diffuse scientific and technical innovations and, with their help, better the lot of the people. ■

¹⁰"An Important Economic Reform," *BR*, no. 21, May 23, 1983, p. 4. But the promise of liberalization is being negated by concurrent recentralizations and rebureaucratizations; see *The Wall Street Journal*, June 7, 1983, p. 39.

CHINESE EDUCATION IN TRANSITION

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cialties that accept graduate students; 3,100 have been granted the right to confer master's degrees. Thus far, 15 people have been awarded doctor's degrees, 14,708 master's degrees, and over 300,000 bachelor's degrees.¹⁴

Although Chinese education remains in transition, particularly at the secondary level, China's post-Mao leadership is now secure and united enough to set relatively long-term educational goals. The "great de-

bates" about education that marked the Cultural Revolution years have seemingly been laid to rest. Not everyone, however, is satisfied with the current system. The old "quality versus quantity" debate continues in the controversy over keypoint schools. Even those Chinese who support this policy—including educational officials I have interviewed in Beijing—remain defensive, arguing that such a concentration of resources is necessary until the damage caused by the Cultural Revolution is completely negated.

CONCLUSION

But a number of pitfalls exist on the transitional road. First, the headlong rush to restore educational quality in the wake of the removal of the radicals largely ignored other functions of the educational system, like socialization. As a result, surveys have shown that Chinese students are unconcerned with politics, skeptical about the advantages of socialism and Marxism, and primarily interested in such personal goals as a good job and a suitable marriage partner.¹⁵ Although more recently there has been a full-fledged campaign to encourage "socialist spiritual civilization" along with intellectual education, the available evidence indicates that it has been slow to take hold. Second, the educational system is in danger of establishing two tiers, one for a small group of successful students who are admitted to the best secondary schools and universities, and another for the vast majority unable to perform on an equivalent level. Such a situation would be potentially explosive for most societies; in China, with its Maoist legacy and its continuing espousal of socialist norms, the risks of a backlash appear substantially greater.

Finally, the success of the current programs at all educational levels (but particularly at the secondary level) is intimately tied to a reform of the employment system, currently under discussion. As long as a university degree entitles a student to a guaranteed, stable job while the absence of such a degree makes suitable employment difficult to find, the various ideological and social problems afflicting China's youth will probably continue.¹⁶ ■

CHINA'S CHANGING AGRICULTURAL SYSTEM

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and with the burden of the "scissor gap" on the other hand, should further price adjustments be made and in what manner? What should be the long-term price policy for the free rural market? Responding to rising prices in the free market by suppressing prices to a level that will not provide the peasants with incentive for extra production will defeat the purpose of the free market. How should the government deal with reported speculation and hoarding in the free market without adversely affecting the desired role of prices in such a market?

¹⁴FBIS, March 16, 1983, p. K7.

¹⁵Rosen, "Education and Political Socialization."

¹⁶I have dealt with these youth problems in "Education and Political Socialization: Youth in China Today," in John Scherer, ed., *China Facts and Figures Annual 1983* (Gulf Breeze, FL: Academic International, 1982); and "Obstacles to Educational Reform in China," *Modern China*, January, 1982, pp. 3-40.

All these questions suggest that in order to design a price policy that would not stimulate inflation but would provide the free market with a constructive role (as a supplement to the planned economy), far more careful planning and more market studies are needed.¹³

One more issue is the strategy of concentration. With the supply of modern inputs exceeded by the demand for them at all times, a rational distribution is needed. Rational allocation requires that the inputs supply be concentrated on the key areas that offer a potential comparative advantage in the production of particular products. The same principle also applies to farm mechanization.¹⁴

The strategy of concentration would increase the income gap among agricultural regions. Together with encouragement on sideline and private plots production, price adjustments, the responsibility system and ecological balance, the strategy of concentration will greatly intensify the income gap not only among the regions but also between rural and suburban areas and among teams in the same commune or county.

It makes economic sense in the short run to adopt the strategy of concentration. In the long run, however, new areas might acquire a potential comparative advantage if sufficient inputs were devoted to these areas for a sufficient length of time. Thus, even in the intermediate run, this strategy cannot ignore completely the building up of new areas for future use. Nevertheless, when the strategies and policies described above have been pushed too far, polarization in rural areas will result. At various levels of the Chinese leadership there must be people who caution against the too rapid decrease in egalitarianism and who believe that current policies have gone too far. The reactions of these groups may once again strengthen the authority of commune and county over the team and family in planning farming activities.

CONCLUSION

The recent reforms in Chinese agriculture are badly needed to accelerate agricultural growth in order to support the "four modernizations" programs. In spite of poor weather, the reforms have brought improvements in peasant income and in the supply of meats, vegetables, poultry and other products to the urban population. The spiral of inflation attributable to the agricultural sector leveled off in 1982. The overall strategy of modernization of the economy continues to allocate increasing support to agriculture and gives high priority to consumer goods. As a result, agricul-

tural income is expected to increase further, and more consumer goods will be available to absorb the higher income of the peasants.

Given continued political stability, the agricultural sector can continue to implement recent reforms. Thus the agricultural sector may be able to achieve a sustained growth rate in the intermediate future.

In the longer run, however, much depends on the long-term stability of the political leadership and its view of agricultural policies; successful cooperation between the peasants and the middle- and low-level bureaucrats in preventing the drift toward extremes; a longer-term policy toward price changes and feasibility studies; the success of training and upgrading (including their pay) agricultural technicians and economists in the use and spread of various agro-technologies at different levels; and the supply of needed inputs for agriculture in sufficient and appropriately balanced quantity.¹⁵ ■

CHINA AND THE THIRD WORLD

(Continued from page 248)

Furthermore, according to Deng's critics, China's policies toward third world countries during the late 1970's mirrored a "made in the USA" label. China, in fact, did not appear to have an independent foreign policy. Instead, it seemed to be following the United States lead everywhere and aligning itself against the Soviet Union at every opportunity.¹⁹ Hence, Beijing not only seemed to be behaving like a satellite nation; in many senses it had also abdicated its leadership role in the third world bloc.

Inasmuch as China (as it says itself) is a third world country and has played a role as a leader of the third world bloc (which the third world sorely needs), China's pro-United States stance was an aberrancy and seemingly lacked sagacity. Historically, China is a nation that was a leader among nations, and it needs to restore such a role. Its leadership of the third world bloc is, so to speak, its only claim to fame, in view of the fact that China is not a superpower and will probably not compete in superpower politics in the foreseeable future, if ever.

At the same time that China's leaders announced a more independent foreign policy at the twelfth party congress, Beijing also announced an effort to improve relations with other Communist nations and with Communist parties everywhere. And China has made such efforts. But this has been only marginally successful. Thus, China's only hope of exerting global influence is through the third world.

Unfortunately, China's modernization program runs counter to improved trade and other ties with third world countries and means that China must re-

¹³Da Huang, "Some Problems Concerning Pricing," *Social Science in China*, no. 1, 1981, pp. 136-156.

¹⁴Robert C. Hsu, "Agricultural Mechanization in China: Policies, Problems and Prospect," *Asian Survey*, May, 1979, pp. 436-449.

¹⁵Muqiao Xue, *China's Socialist Economy* (Beijing: Foreign Language Press, 1981), pp. 163-202, 234-265.

¹⁹This point is elaborated in John F. Copper, "Sino-American Relations: On Track or Off Track?" *Asia Pacific Community*, winter, 1983.

main economically tied to the West. Although there is genuine and justifiable concern among other third world countries that China will absorb much of the available aid money and investment capital, this does not mean that Beijing should write off the third world. On the contrary, more than ever China needs to try to maintain good relations with other third world nations. And one can probably be reasonably optimistic about Beijing's prospects for success. Because third world unity is largely psychological, Chinese leaders maintain reasonably friendly ties with other developing countries and China can play a role as leader and spokesman some of the time. This is especially so in United Nations politics.

Finally, there seems little hope that Beijing will be able to improve in any meaningful sense its relations with the Soviet Union. Some patching up may be possible; in fact, it is likely. But the Sino-Soviet relationship will no doubt continue to be strained. Thus, in the context of downgrading relations with the United States, China needs to improve its relationship with third world countries. In short, Beijing must realize that it cannot base its foreign policy on playing the United States or Soviet card since it is not a player of superpower rank. Hence China needs a genuinely independent foreign policy, which gives greater emphasis to ties with the third world, even if this cannot be linked to China's paramount domestic concern with economic modernization.

It is interesting to note that, in the past, when Beijing experienced bad relations with both the United States and the Soviet Union at the same time, it turned to the third world. China seems to be doing this again, and this time it may reflect a more lasting trend. ■

CHINA'S INDUSTRIALIZATION

(Continued from page 269)

million, the area of cultivated land diminished by 12 percent. Landholding per capita dropped by half, equal to only one-seventeenth of that in Canada and one-eighth of that in the United States. The steady decline of landholding per capita makes the increase of food production per head extremely difficult. The country now has to import 8 to 10 million tons of food grains a year, reducing its capacity for importing machinery and technology.

Continued expansion of the rural population has also increased demand for fuel, most of which comes from the direct burning of stalks, wood, and animal manure. The supply of noncommercial fuel, however, cannot meet the growing demand of the rural population. On average, there is a 30 percent deficiency annually in rural fuel supply. To make up the deficiency, peasants collect whatever they can gather.

There is widespread felling of trees throughout the country. As a result of the large-scale destruction of forests, huge mountain areas in northeast and southeast China have been denuded of vegetation. Each year, erosion strips away topsoil and dumps millions of tons of silt into the rivers. An official survey indicates that, in recent years, about 5 billion tons of topsoil have been washed away yearly, and the loss of fertility through erosion is now equivalent to the annual output of chemical fertilizer produced in the whole country.²³ This has a disastrous effect on the ecological environment and raises the potential for floods and other calamities.

The second problem is large-scale unemployment and underemployment. In the past 30 years, the labor force in China has doubled. There is an obvious oversupply of labor in relation to the country's material and financial resources. A recent government survey indicates that in many provinces, municipalities and departments, the enterprises are generally overstaffed by 10–15 percent and some by more than 30 percent. The utilization ratio of working hours is only 50 percent and sometimes less than 30 percent. Still, more than 10 million people are unemployed. As the labor force increases at a rate of 20 million people per year, unemployment will become even more severe in the years ahead.

Third, the lack of well-trained personnel in the mechanical and management fields constitutes another stumbling block for industrialization. Although China had some 3.5 million scientific and technical personnel in 1982, they accounted for only 1 percent of the total labor force. To carry out the long-term development plan, an additional 15 million people in technical manpower are needed. Taking into account the retirement and death rates, new technical manpower should, on the average, increase by 1 million people per year. During the sixth five year plan period only 300,000 students will graduate from colleges and universities annually. The gap between demand and supply remains very wide.

Of the existing 3.5 million professional and technical personnel, nearly every well-educated individual suffered persecution during the "Cultural Revolution." Many lost ten years or more of precious time to acquire new knowledge. A number of them are still working at jobs for which they are not professionally suited. Among the 19 million cadres now ruling the nation, two-thirds lack professional training. They see the drive to modernization as a threat to their authority and job security. Each step of reform has faced their stiff resistance. How to replace millions of incompetent cadres with well-trained personnel becomes another formidable task.

In view of these problems, the intermediate-term prospects of the Chinese economy are not promising. According to the 1983 development plan, the output

²³ *Renmin Ribao*, January 23, 1983, p. 3.

of agriculture and industry will increase only 4 percent. Fixed capital investment will be 74.7 billion yuan, 9.8 billion yuan (or 11 percent) less than 1982. These growth rates are all very moderate. A detailed study by the World Bank states that in the next decade, China's agricultural output is projected to grow by only 2 to 2.5 percent annually, with food grain rising by 2.3 percent through 1990. The 5.6 percent growth of agricultural output in the past 4 years involves some element of recovery. As the stimulation from the contract responsibility system subsides, agricultural growth will be determined by investment and technology. The increase of these two factors is not expected to be phenomenal.

Nor are China's energy prospects encouraging. Oil output will remain around the current 100-million metric-ton level through 1985, with some moderate increase in the latter part of the decade. Coal output is not anticipated to exceed 700 million tons by 1985 and 870 million by 1990, as compared with the 1 billion ton target set for 1987 in the original ten year plan.

Limited by the energy supply, China's industrial output can only grow at 4 to 5 percent annually. This will result in a moderate growth of 3 to 3.5 percent of GNP, significantly lower than the 5.5 percent growth rate achieved in the 1952 through 1978 period. ■

CHINA'S DYNAMISM

(Continued from page 276)

provement to occur in Sino-Soviet relations, the Soviet Union must reduce its huge border force to its pre-1965 buildup, withdraw from Mongolia militarily, shut down its bases in Vietnam and abrogate its 1978 alliance with Hanoi, and cease its military intervention in Afghanistan. Then the border question can properly be addressed and the question of overall improvement in state and party relations can be discussed. No Soviet leadership would ever agree to that catalogue of Chinese demands.

But the Chinese are not really serious about prior removal of Soviet troops from Afghanistan, nor do they expect the Soviets to turn their backs on Mongolia after six decades of satellite status. They may be more insistent on encouraging the Soviet Union to abandon Vietnam; China does fear Vietnamese domination of all Southeast Asia, is naturally concerned about a Soviet military presence across its southern border and, in the long run, wants to be the principal external power on the peninsula. The real issue, however, is none of these. It is the enormity of the direct Soviet military threat from the north. To that end, China is probably willing to sacrifice its Afghan and Mongolian demands and to go soft on the Vietnamese-Soviet tie (which it judges, probably correctly, will eventually sever of its own weakness). The idea is to put forward an impossible list of demands now with the intention

later of shucking off the less important items in order to obtain a better deal on troop withdrawal from the Sino-Soviet frontier.

This strategy is not too difficult for the Soviet Union to see through. The trick for Moscow is to wait it out with Beijing and to sweeten the pot occasionally. That is what happened in Moscow at the Brezhnev funeral. Although there is no direct confirmation, it seems highly likely that Andropov and Gromyko told Foreign Minister Huang that the Soviet Union would withdraw a more-than-token portion of its anti-China force if the Chinese would drop their lesser demands, reciprocate with a thinning out of their own soldiers stationed along the Siberian boundary, and move ahead in earnest with normalization of state relations. As a talisman, the Soviet Union may even have begun to move some forces out. That is what got Huang Hua so excited. But of course he was out of sync with the pace of the more general policy: to relocate China step-by-step over the next half decade roughly between Washington and Moscow. Thus he had to be sacrificed.

Since then, negotiations have proceeded but no breakthrough has resulted, although other problems have begun to be solved. The mid-1983 resumption of border trade, interrupted for many years, is a case in point. One thing is clear: strictly territorial differences (who owns what riverine island, the exact location of the frontier) are not great obstacles. The total number of square kilometers is small, probably less than a few thousand in all, and Soviet leaders have already indicated that the Chinese can have most of the disputed islands in the Amur and Ussuri Rivers. The one piece of real estate the Russians want at all costs is Shin Hei Tzu Dao, the triangular island at the junction of the two rivers seized in the 1920's by the Russians in contravention to the Treaty of Peking in 1860. That island juts into downtown Khabarovsk, and to allow Chinese mortars there would be to make the city indefensible.

If the Chinese are willing to make that trade and if the Soviets can bring themselves to pull out a significant number of troops, planes and missiles, a deal can be struck quickly. When that happens, the shape of the strategic triangle, and with it world politics as a whole, will change greatly. Only the Chinese fear of what that change could mean for China's relations with the West stops them from going ahead now. As long as there are continuous benefits, mostly economic, from the West (and as long, therefore, as China continues its domestic policy of modernization), Beijing is likely to move only slowly in Moscow's direction. But it will move and has already started on the journey.

OTHER RELATIONS

Chinese policy toward other countries, regions and issues has tended to reflect its position in the strategic

triangle and its policies toward the United States and the Soviet Union. Thus, Beijing's ties with the "second world"—the non-American capitalist West including Japan—have been generally friendly. These countries, United States allies, contribute three benefits to China: security through support of the American deterrent against Soviet aggression, development through their contribution to China's economic modernization, and fungibility because of their existence as an alternative of sorts to the United States and the Soviet Union. The same can be said of China's relations with other Communist states, at least those not entirely slaves in Beijing's eyes to Moscow's command. Thus, Yugoslavia and Romania enjoy China's favor, while Beijing has attempted to undermine the Soviet monopoly of influence in the other East European capitals by continuing a modicum of trade, exchange of delegations, and party visits.

Relations with North Korea, Poland, and Albania however, remain tentative. In the case of Pyongyang, Beijing has not only continued its decades-long and debilitating competition with Moscow for President Kim Il Song's favor but has had to convince the North not to invade the South. This is difficult, because Kim has gone even further in preparing to hand over power to his son, Kim Jong Il (something China has long opposed) and because the elder Kim seems more prepared than at any time in the post-1953 era to go ahead with military action. The latter would probably involve China in a repetition of its Korean War intervention against the United States. During 1982 and 1983, therefore, Chinese leaders worked assiduously to curry favor with Kim and thus talk him out of a southward onslaught. The top Chinese leaders made two secret trips to Pyongyang; Kim himself visited China in late 1982 (the Chinese laid out the red carpet but refused to make any commitments other than a promise of some 40 Mig-21 type aircraft); and they reluctantly hosted Kim's son in mid-1983. In the case of Korea, the power of decision is mostly out of China's hands. Perhaps for that reason, and for development purposes, China began to smile coyly at Seoul, allowed a billion dollar under-the-table trade to develop, let a few South Koreans into China to attend conferences, and grossly overreacted (in the positive sense) when a Chinese airliner was hijacked to the South in May. In the latter instance, Beijing sent a large official delegation to Seoul and allowed delegates to shake hands with and be feted by the South Koreans, the first such occurrence ever.

In East Europe, the imminent threat of war was not involved. Rather, the danger stemmed from the continuing troubled domestic situation in Poland. Beijing looked on with studied fascination as Solidarity and the popular forces it represented tilted with the Warsaw party regime. Since there were enough perturbations at home already, thanks to widespread enthu-

siasm for the revisionist "responsibility system" in the countryside, it was judged better not to take advantage of the Polish situation.

In Albania, for the first time in a decade, Tirana began to have second thoughts about its ideological opposition to its only declared friend, and China moved quickly to restore ties. By mid-1983, most of the industrial and other projects in Albania abandoned years ago by the Chinese were again going ahead with the participation of Chinese aid teams.

China's policies toward the third world depended on Beijing's reading of the latitude it had in the strategic triangle. Since it was now emancipating itself from the Americans and beginning to make up with the Russians, China presumed itself to have greater flexibility elsewhere. The Chinese were a bit too eager, however, to move back into what they considered their natural hunting ground.

The best China could do was work around the edges of local situations whenever superpower rivalry permitted and whenever the available instruments of power, military aid and assistance, were germane. The most interesting case in point is China's military support of both sides of the Iran-Iraq war. In 1982 and 1983, Beijing sent large stocks of weapons to Iraq and cooperated with North Korea to send replacement aircraft and military supplies to Iran as well. Such seemingly bizarre behavior can be explained only in terms of China's role in the strategic triangle and its attempt, on the basis of its perceived relative freedom within the triangle, to play an independent role in the third world. China worked both sides of the conflict because it did not wish to see Iran so weakened that it would fall prey to internal turmoil, precipitating Soviet intervention, nor Iraq so enervated by war that it would be open to Iranian-sponsored Islamic revolutionary fundamentalism. The latter could upset the Middle East as a whole, leading to a Soviet-American conflict there, possibly a European central front follow-on (i.e., World War III), and more probably a North Korean decision to take advantage of the dispersion of United States military deployments to the Middle East to launch an attack southward.

Trying to work both ends against the middle is a difficult strategy at best for any country's foreign policy. It is particularly risky for China. In its eagerness to show its capabilities and its third world credentials, Beijing is not only playing at the margins of its abilities but is also playing with fire. China could find itself rebuffed by Washington and Moscow together, highly criticized by the regional players, with its putative third world credentials seriously tarnished. Perhaps, instead of leaping eagerly into dangerous situations, China would be better off tending to its own development, seeking the middle ground between the superpowers, and projecting its own might only as far as its capabilities permit. ■

FOUR MONTHS IN REVIEW

A Current History chronology covering the most important events of April, May, June, and July, 1983, in four monthly sections, to provide a day-by-day summary of world affairs.

APRIL, 1983

INTERNATIONAL

Contadora Group

April 11—The foreign ministers of Mexico, Venezuela, Colombia and Panama meet in Panama for talks on the conflict in Central America.

Iran-Iraq War

April 14—The Iraqi News Agency reports that the latest Iranian offensive has been stopped; the agency says at least 9,800 Iranians have been killed.

April 16—Iraqi President Saddam Hussein invites Iranian leader Ayatollah Ruhollah Khomeini to an Islamic conference on the Iran-Iraq war.

April 17—Iranian Prime Minister Mir Hussein Moussavi says that Iran might send a delegation to the Islamic conference in Baghdad on the Iran-Iraq war if certain conditions are met by Iraq.

Middle East

(See also Syria; U.S., Foreign Policy)

April 8—U.S. President Ronald Reagan tells Jordan's King Hussein that the U.S. will try to stop Israel's building of settlements on the occupied West Bank if King Hussein will join the Middle East peace negotiations.

April 10—The Jordanian government announces that it is unable to reach an agreement with Palestine Liberation Organization (PLO) leader Yasir Arafat on the issue of joint Middle East negotiations; as a result, it will not enter into U.S.-sponsored negotiations.

Issam Sartawi, a moderate PLO envoy who advocated PLO recognition of Israel, is assassinated in Portugal; an anti-PLO faction says it is responsible for the killing.

April 18—Terrorists explode a large bomb in the U.S. Embassy in Beirut.

April 19—Rescue workers continue to search for bodies in the rubble of the U.S. Embassy; at least 40 people are dead, including 9 Americans.

April 30—U.S. Secretary of State George Shultz says he will go to Damascus to begin discussion on the withdrawal of Syrian troops from Lebanon as soon as he finds signs of genuine progress on an agreement to withdraw Israeli troops from Lebanon.

North Atlantic Treaty Organization (NATO)

April 26—NATO Secretary General Joseph M. A. Luns says that deployment of U.S. intermediate-range nuclear missiles in West Europe will be necessary to force significant reductions in Soviet missiles.

United Nations (U.N.)

April 5—According to a U.N. Economic Commission for Europe report, Western nations recorded a trade deficit of \$2 billion with the Eastern nations in 1982 for the 1st time in 2 decades.

Warsaw Pact

April 7—After a 2-day meeting of Warsaw Pact foreign ministers in Moscow, a communiqué is issued urging the North Atlantic Treaty Organization to work toward not deploying U.S. intermediate-range nuclear missiles in West Europe.

ARGENTINA

April 11—The official press agency reports that former President Leopoldo Galtieri has been placed in detention for 60 days for criticizing the government's actions in the Falklands War.

April 13—The military junta lifts the ban on political activity against 19 political and labor leaders, including former President Isabel Martínez de Perón.

April 28—The government states that the disappearance of as many as 20,000 people during the "war against terrorism" in the 1970's was justified by the "almost apocalyptic panic" at the time.

AUSTRIA

April 24—Chancellor Bruno Kreisky announces that he will resign the office he has held for 13 years after results from today's elections force the Socialist party to form a coalition with the Freedom party.

April 25—The Socialist party announces that Education Minister Fred Sinowatz is the Chancellor-elect.

BRAZIL

April 6—10,000 riot policemen are called out in São Paulo to stop a 3d day of large-scale looting and rioting.

April 9—President João Baptista Figueiredo says those opposed to the liberalization of the country's political system are responsible for the riots.

April 20—The government announces that it is holding 4 Libyan planes destined for Nicaragua because they are loaded with arms and explosives; the planes landed on April 16 for refueling, claiming they were carrying medical supplies.

April 24—A military spokesman says all 4 Libyan planes have been unloaded; he says the arms on board included Soviet and U.S.-made weapons, including new missiles.

CHINA

(See also Taiwan; U.S.S.R.; U.S., Foreign Policy)

April 7—The government orders the cancellation of 19 sports and cultural exchanges with the U.S. to protest the U.S. grant of political asylum to Chinese tennis player Hu Na.

April 10—The Foreign Ministry issues a statement warning the Vietnamese to cease border incursions and provocations or suffer "grave consequences."

April 16—The New China News Agency reports that

government militia shelled northern Vietnam in retaliation for the Vietnamese shelling of China that left 15 Chinese dead or wounded earlier today.

April 21—The government announces that its troops killed 16 Vietnamese soldiers yesterday after they crossed the border into China.

April 22—A Taiwanese air force pilot defects to China.

CUBA

(See also *U.S., Foreign Policy*)

April 20—The government condemns the U.S. for expelling 2 Cuban diplomats at the U.N.

EL SALVADOR

(See also *U.S., Foreign Policy, Legislation*)

April 12—The secretary of the government's Human Rights Commission reports the release of 34 political prisoners; the secretary says that the cases of other political prisoners will be reviewed.

April 18—Defense Minister General José Guillermo García resigns; General Carlos Eugenio Vides Casanova, the head of the national guard, is nominated by President Alvaro Magaña to succeed García.

The Christian Democratic party nominates former President José Napoleón Duarte as its candidate for the presidential elections to be held in December.

April 21—The Popular Liberation Forces, one of five guerrilla groups fighting the government, announces the suicide of its leader, Salvador Cayetano Carpio, last week in Managua, Nicaragua.

FRANCE

(See also *U.S.S.R.*)

April 5—The Interior Ministry announces the expulsion of 47 Soviet diplomats, journalists and other Soviet citizens for spying and trying to steal high technology that has scientific and military applications.

April 6—An unnamed source in Paris tells reporters that the head of Soviet intelligence operations in France and his principal aides were among the 47 Soviet citizens expelled yesterday.

April 20—The government releases a 5-year military program that calls for a 7 percent cut in army manpower, the building of a 7th nuclear submarine and the country's 1st nuclear-powered aircraft carrier, and an 11 percent real increase in defense spending.

April 29—The Corsican National Liberation Front says it is responsible for the 15 bombs set off in Paris and 3 other cities today.

GERMANY, WEST

April 4—Demonstrations against nuclear arms continue for a 4th day; officials estimate that several hundred thousand people have taken part.

April 15—On a visit to Washington, D.C., Chancellor Helmut Kohl assures U.S. President Ronald Reagan that West Germany will deploy U.S. intermediate-range nuclear missiles if negotiations with the Soviet Union fail.

April 22—The weekly magazine *Stern* announces the discovery of 60 volumes of diaries allegedly written by Adolf Hitler.

April 25—British historian Hugh Trevor-Roper questions the authenticity of the Hitler diaries; Trevor-Roper initially helped authenticate the diaries for *Stern*.

GREECE

April 25—Prime Minister Andreas Papandreou warns

that negotiations over continued U.S. use of military bases in Greece cannot continue unless the U.S. agrees to a timetable on negotiations.

HONDURAS

(See *Nicaragua; U.S., Foreign Policy*)

ICELAND

April 24—Results from yesterday's elections give the Independence party 38.6 percent of the vote; it remains the largest party in Parliament. A new feminist party, the Women's party, wins 5.5 percent of the vote and qualifies for 3 seats in Parliament.

INDIA

April 4—In the northern state of Punjab, Sikh militants demonstrate for greater autonomy; at least 20 people are killed in fighting between the Sikhs and police.

IRAN

(See *Intl, Iran-Iraq War*)

IRAQ

(See *Intl, Iran-Iraq War*)

ISRAEL

(See also *Intl, Middle East; U.S., Foreign Policy*)

April 1—Foreign Minister Yitzhak Shamir says that U.S. President Ronald Reagan's decision to withhold approval of the sale of 75 F-16 fighter planes to Israel "was a regrettable pronouncement." President Reagan is withholding approval until Israeli forces leave southern Lebanon.

April 3—At least 350 Arab schoolgirls on the occupied West Bank fall sick; the unexplained illness has struck between 700 and 800 West Bank residents.

April 12—Ben-Zion Rubin, Deputy Minister for Labor and Social Affairs, announces that the government will expand 68 settlements on the West Bank to increase the Jewish population of the occupied land by 20,000 in the next 18 months.

Army chief of staff Lieutenant General Rafael Eytan tells the Parliament's Foreign Affairs and Defense Committee that 10 settlements should be built on the West Bank for every stone-throwing incident by Arabs; "When we have settled the land, all the Arabs will be able to do about it will be to scurry around like drugged roaches in a bottle."

April 25—A U.S. Department of Health and Human Services team says the illness among West Bank schoolgirls was caused by anxiety; the illnesses were neither poisonings nor propaganda ploys.

ITALY

April 29—Prime Minister Amintore Fanfani resigns.

JAPAN

April 3—Prime Minister Yasuhiro Nakasone denies the existence of any nuclear weapons or bases in Japan; the Soviet Union has charged that Japan is "stuffed with nuclear weapons."

April 11—Results from yesterday's nationwide local elections leave Prime Minister Nakasone's Liberal Democratic party in control of 11 of 13 contested governorships.

JORDAN

(See *Intl, Middle East; U.S., Foreign Policy*)

KAMPUCHEA

(See also *Thailand; Vietnam*)

April 4—Refugees report that O Smach, the headquarters of forces loyal to Prince Norodom Sihanouk, has fallen to Vietnamese troops; at least 20,000 Cambodians have fled the camp.

April 8—Former Prime Minister Son Sann charges that Vietnamese troops massacred several hundred civilians when they attacked O Smach.

LEBANON

(See also *Intl, Middle East; Syria*)

April 28—U.S. Secretary of State George Shultz visits Beirut, holding talks with President Amin Gemayel.

LIBYA

(See *Brazil*)

NICARAGUA

(See also *Brazil; U.S., Foreign Policy, Legislation*)

April 9—Defense Minister Humberto Ortega Saavedra warns Honduras that Nicaragua will support revolutionaries in Honduras if anti-Sandinist guerrillas continue to use Honduras as a base.

April 28—Reacting to President Reagan's speech on Central America last night, Foreign Minister Miguel d'Escoto Brockman says President Reagan is making "absurd and deceitful charges against Nicaragua."

NORWAY

April 30—A navy warship launches 10 anti-submarine missiles at a suspected foreign submarine hidden in a fjord; the submarine hunt began yesterday.

PERU

April 6—Government authorities say that as many as 80 peasants in the southern town of Lucanamarca were massacred by leftist guerrillas on April 4.

April 13—69 guerrillas have been killed in the last 6 days, according to the military command overseeing soldiers and policemen in an anti-guerrilla operation.

April 21—President Fernando Belaúnde Terry reshuffles his Cabinet.

PHILIPPINES

April 15—3 opposition party leaders sign a petition calling for the removal of U.S. military bases and the expulsion of the U.S. ambassador for meddling in domestic affairs.

April 23—Thousands of people demonstrate in the city of Cagayan de Oro to protest the April 17 arrest of their mayor, Aquilino Pimentel, by President Ferdinand Marcos, on charges of rebellion and murder. Pimentel is the head of the opposition Filipino Democratic party.

POLAND

April 8—Lech Walesa, head of the banned labor union Solidarity, declines an offer to speak at Harvard University because he fears he will not be allowed to reenter Poland.

April 12—Walesa says he met this weekend with leaders of Solidarity.

April 17—Warsaw police disperse a crowd of 1,000 who are commemorating the uprising of Jews in the Warsaw Ghetto 40 years ago; the memorial turns into a rally for Solidarity.

April 19—For the 3rd time in a week, Walesa is detained by police for questioning; the detentions follow his meeting with underground leaders of Solidarity.

April 22—Walesa is rehired at the Lenin Shipyard in Gdansk; later in the day, he is detained and released by police.

PORTUGAL

April 25—Former Prime Minister Mario Soares's Socialist party wins 35 percent of the vote in today's general elections; Soares says his party will put together a coalition government.

SOUTH AFRICA

April 2—Saul Mkhize, a black leader protesting government plans to evict a group of peasant farmers from their land, is shot to death by police after an argument.

April 23—Prime Minister P. W. Botha postpones a special referendum on his proposals to allow Asians and coloreds a place in Parliament.

SWEDEN

April 26—The government recalls its ambassador to the Soviet Union; a government commission has reported that as many as 6 Soviet vessels, including 3 minisubmarines, violated Swedish waters in October, 1982.

SYRIA

(See also *Intl, Middle East*)

April 16—The government newspaper *Tishrin* reports that the government will not discuss the withdrawal of Syrian troops from Lebanon until all Israeli troops have left Lebanon.

TAIWAN

(See also *China*)

April 24—The Defense Ministry denies that one of its air force pilots defected to China yesterday; the ministry claims the pilot lost his way in fog.

THAILAND

(See also *U.S., Foreign Policy*)

April 1—The Foreign Ministry claims that Vietnamese soldiers killed at least 200 Cambodian refugees and drove 30,000 into Thailand after they overran a Cambodian guerrilla camp on March 31.

April 2—Army commander in chief General Arthit Kamlangek says that Vietnamese troops crossed the border into Thailand yesterday and killed 5 Thai soldiers.

April 4—The Thai air force bombs 150 Vietnamese troops just inside the Thai border.

April 9—The 1st emergency shipment of U.S. arms arrives; more missiles, artillery pieces and ammunition are expected.

April 18—Results from today's parliamentary elections give the Social Action party the largest number of seats; a coalition government under Prime Minister General Prem Tinsulanonda is likely.

April 30—King Phumiphol Aduldet reappoints General Prem Tinsulanonda Prime Minister.

TURKEY

April 24—The government issues a decree allowing the establishment of political parties; the government bans former political leaders from political activity in the new parties.

April 29—General Kenan Evren, head of the military government, says that general elections will be held on November 6, 1983.

U.S.S.R.

(See also *Intl, Warsaw Pact; France; Japan; Sweden; U.S., Foreign Policy, Military*)

April 1—Deputy Chief of the International Department of the Central Committee Vadim Zagladin says that the U.S.S.R. will not deploy missiles in Cuba if U.S. intermediate-range missiles are deployed in Europe.

April 2—At a news conference in Moscow, Foreign Minister Andrei Gromyko says that President Reagan's suggestion for an interim agreement on the deployment of intermediate-range nuclear weapons in Europe is unacceptable.

April 6—One of 7 Pentecostals living as refugees in the U.S. Embassy in Moscow is granted a visa to emigrate; the Pentecostals have been in the embassy since 1978.

The government calls the expulsion of 47 Soviet citizens from France on April 5 "absolutely arbitrary" and says the charges of espionage were "obviously fabricated."

April 12—The 6 remaining Pentecostals in the U.S. Embassy leave for Siberia, where they will wait for permission to emigrate.

April 19—The government newspaper *Izvestia* charges China with continuing a policy of "anti-Sovietism"; this is the 1st Soviet criticism of the Chinese in 8 months.

April 22—3 cosmonauts return to earth after 48 hours in space because their spacecraft developed problems that prohibited docking with an orbital laboratory.

April 27—General Secretary Yuri Andropov calls for talks with the U.S. on preventing the use of space for military purposes as soon as possible.

UNITED KINGDOM

Great Britain

April 1—Climaxing 2 days of protests against nuclear weapons, thousands of people create a human chain 14 miles long.

April 23—Defense Secretary Michael Heseltine says that the British antinuclear movement is led and dominated by "full-time Socialists and Communists."

UNITED STATES

Administration

April 5—The government begins the distribution of \$100 million in emergency aid to the states for food and shelter programs.

The acting chief of the Agriculture Department's Food and Nutrition Service tells a congressional committee that a special government nutrition program for needy pregnant women and infants is reaching only 40 percent of those who need help.

April 6—The Veterans Administration says it will begin to give free medical treatment to those who participated in open-air atomic tests from 1945 to 1962.

The General Accounting Office issues a report showing that Social Security officials have terminated disability payments to recipients with severe mental impairment and other psychological dysfunctions.

April 9—President Ronald Reagan says he will veto any repeal of the tax cut scheduled to take place in July.

April 12—A federal appeals court in Atlanta finds that the government has used immigration policy in a dis-

criminatory manner against Haitian refugees; the government detained the Haitians pending a hearing on their status.

April 13—A study by the Congressional Budget Office reports that "62 percent of all food stamp households would lose benefits" under the administration's new budget proposals.

April 14—Federal district court Judge Gerhard A. Gesell rules that the administration ruling requiring hospitals across the country to provide food and medical care to severely handicapped newborn infants is "arbitrary and capricious" and therefore invalid.

April 18—The President's Private Sector Survey on Cost Control issues a 2d report explaining how the government could save \$46.8 billion in 3 years by better administration of health, transportation, housing and public lands programs; on April 5 the committee reported that \$48 billion could be saved in other government programs.

April 19—The Federal Bureau of Investigation reports that major crimes reported in the U.S. in 1982 declined by 4 percent from 1981.

April 20—President Reagan signs into law the Social Security rescue plan passed by Congress on March 25, 1983; the plan calls for changes in the social security system that will provide \$165 billion in additional revenues by 1990.

April 22—Raymond A. Peck Jr. resigns as administrator of the National Highway Traffic Safety Administration.

April 23—Justice Department officials report that 25 grand juries in 14 states have been empaneled to consider felony indictments against illegal dumpers of hazardous waste.

April 24—The Justice Department reports that the number of prison inmates in the U.S. grew by 42,915 in 1982, to an all-time prison population high of 412,303.

April 25—Commerce Secretary Malcolm Baldrige announces that President Reagan is going to ask Congress to consolidate the Commerce Department and the Office of the U.S. Trade Representative into a single Cabinet-level Department of Trade.

April 26—The National Commission on Excellence in Education releases its report; it says that lax standards and mediocrity infect all levels of American education; solutions include more homework for students, longer school terms, more stringent high school graduation requirements, and higher teacher salaries.

April 28—Director of the Congressional Budget Office Alice M. Rivlin says that more than 25 percent of all American children now live in households close to or under the poverty level.

The government releases a study showing that people removed from welfare in the last 18 months—the working poor—have stayed off welfare.

April 30—In a radio address, President Reagan blames the federal government for mediocrity in schools; he says that "well-intentioned but misguided policy-makers have stamped a uniform mediocrity" on education.

Civil Rights

April 11—The United States Commission on Civil Rights votes to issue subpoenas to the Labor and Education Departments for documents relating to an investigation of the administration's civil rights enforcement.

April 21—A federal grand jury in Winston-Salem, N.C.,

indicts 6 present and former Ku Klux Klan and 3 Nazi party members for interfering with the federally protected rights of demonstrators in Greensboro, N.C., in 1979; 5 demonstrators were shot to death by Klan and Nazi party members.

Economy

April 1—The Labor Department reports that the unemployment rate for March was 10.1 percent.

April 6—Treasury Secretary Donald T. Regan asks federal bank regulators to delay changes in the law that would allow financial industries to enter the field of banking; he says the administration supports the changes, but would rather see them made by Congress.

April 12—The Labor Department reports that 30 states had February unemployment rates of 10 percent or more, with West Virginia having a 21 percent rate, the highest rate on record in the U.S.

April 15—The Labor Department reports that the producer price index fell 0.1 percent in March.

April 20—The gross national product grew at an annual rate of 3.1 percent in the first quarter of 1983, according to today's Commerce Department report.

April 21—The Chrysler Corporation reports a first quarter net income of \$172.1 million, a quarterly record for the company.

April 22—The Labor Department reports that the consumer price index rose by only 0.1 percent in March.

April 29—For the 9th time in the last 13 trading days, the New York Stock Exchange's Dow Jones industrial average closes at a new high—1,226.20.

The Commerce Department reports that the nation's trade deficit for March was \$3.63 billion.

The Commerce Department reports that the index of leading economic indicators rose by 1.5 percent in March; this is the 7th increase in a row.

Foreign Policy

(See also *Intl, Middle East, NATO; China; Cuba; Germany, West; Greece; Israel; Lebanon; Nicaragua; Philippines; Thailand; U.S.S.R.; U.S., Legislation*)

April 1—President Ronald Reagan orders a tenfold increase in tariffs on imported motorcycles to protect the only U.S. maker of motorcycles, Harley-Davidson.

April 2—The *New York Times* reports that, according to an unnamed Honduran source, the U.S. is directly and extensively involved in the training, arming and intelligence assistance of anti-Nicaraguan government guerrillas based in Honduras.

The State Department says it is disappointed by the "unconstructive initial Soviet reaction" to President Reagan's interim solution for reducing intermediate-range missiles in Europe.

April 4—President Reagan asks Congress for authorization to restrict imports from countries that violate trade sanctions set by the U.S.

Chinese tennis player Hu Na, who defected to the U.S. in July, 1982, is granted political asylum by the Immigration Service.

April 6—The State Department commends a committee of Roman Catholic bishops for the "substantially improved" letter they have drawn up on nuclear weapons and war.

April 7—Reagan administration officials say that they are pushing for the removal of José Guillermo García as El Salvador's Defense Minister.

April 8—The State Department announces that the U.S.

is starting an immediate airlift of missiles and other weapons to Thailand to reinforce Thailand's border with Vietnam.

April 10—After Jordan refuses to join Middle East negotiations on the Palestinian problem, President Reagan says he believes the refusal is an "impediment in our search for peace."

April 11—The Presidential Commission on Strategic Forces (the Scowcroft Commission) releases its report, recommending the basing of 100 MX missiles in existing Minuteman III missile silos and a new arms control limit on nuclear warheads. The commission also recommends the building of a new, smaller, strategic missile, the Midgetman, with only 1 warhead.

April 14—At a news conference, President Reagan denies that the U.S. is trying to overthrow the Nicaraguan government; he says that "we're not violating the law" on supplying covert aid to insurgents aiming to overthrow the government of Nicaragua.

April 15—Secretary of State George P. Shultz asserts that U.S. actions in El Salvador are "moral" because the U.S. is trying to stop a "brutal military takeover by a totalitarian minority."

April 17—The administration tells Israel that it can buy parts from the U.S. for a new fighter to be built in Israel.

April 18—President Reagan condemns the terrorist bombing of the U.S. Embassy in Beirut as a "cowardly act."

April 19—The government orders the expulsion of 2 Cuban diplomats from the U.N. for spying.

Ending their meeting in Mexico City, Secretary of State Shultz and Mexican Foreign Minister Bernardo Sepulveda issue a communiqué agreeing to promote dialogue and negotiation in Central America; the communiqué says that President Reagan and Mexican President Miguel de la Madrid Hurtado will meet later this year.

President Reagan formally accepts the finding of the Presidential Commission on Strategic Forces; he says that unless "we modernize our land-based missile systems, the Soviet Union will have no real reason to negotiate meaningful reductions."

April 21—Federal Bureau of Investigation Director William H. Webster announces that 3 Soviet diplomats have been identified as spies and ordered out of the country.

April 22—President Reagan says that because there is no "hard and fast evidence" on alleged Soviet violations of the 2d Strategic Arms Limitation Treaty, he has decided to not publicize the reported violations, which include the possible testing of a 2d intercontinental ballistic missile.

President Reagan ends a ban on long-term negotiations with the Soviet Union on the buying of grain from the U.S.; the ban was set because of Soviet actions in Poland.

April 27—President Reagan addresses a joint session of Congress, asking support for his policy in Central America because the "national security of all the Americas is at stake in Central America."

April 28—President Reagan names former Senator Richard B. Stone (D., Fla.) as U.S. Ambassador at Large in Central America.

Labor and Industry

April 15—International Brotherhood of Teamsters President Roy L. Williams resigns.

April 21—Jackie Presser is elected president of the Teamsters.

Legislation

April 7—The Senate Budget Committee approves a 5 percent increase in the military budget for fiscal 1984; President Reagan had asked for a 10 percent increase.

April 12—A House Foreign Affairs Subcommittee rejects the administration's request for a supplemental increase of \$50 million in military aid for El Salvador; reduces an \$86.3-million military aid request for El Salvador for fiscal years 1984–1985 to \$50 million; and makes further U.S. aid to El Salvador conditional on the assurance that the number of U.S. military advisers in El Salvador not exceed 55.

April 13—Representative Edward P. Boland, (D., Mass.), chairman of the House Intelligence Committee, says that the U.S. is apparently violating the law in its covert actions against Nicaragua.

April 14—The Senate confirms Kenneth Adelman as director of the Arms Control and Disarmament Agency by a vote of 57 to 42.

April 19—The House Foreign Affairs Committee approves the entire \$251 million in additional economic aid requested for Lebanon by President Reagan. In another action, the committee denies President Reagan's request for an additional \$50 million in military aid for El Salvador for fiscal 1983 by a 19–16 vote.

April 21—Voting 13 to 4, the Senate Budget Committee approves the 1984 draft budget resolution; the resolution calls for \$848.8 billion in spending, revenues of \$686.7 billion and a deficit of \$162.1 billion. The resolution includes \$30.2 billion in additional taxes.

April 25—The Interior Subcommittee of the House Appropriations Committee releases a report charging Interior Secretary James Watt of awarding coal leases under the federal coal leasing program for "next to nothing" to private coal mining companies; the report charges that companies reaped "windfall profits" from the low lease prices.

April 26—The House of Representatives by voice vote blocks the sale of government weather and land satellites to private companies.

April 27—The Senate by voice vote approves legislation creating 229 new bankruptcy judgeships.

Military

April 12—The Defense Department proposes that the "hot line" between Moscow and Washington, D.C., be improved to lessen the risk of accidental nuclear war.

Politics

April 5—Senator Dale Bumpers (D., Ark.) announces that he is withdrawing from the race for the Democratic nomination for President.

April 18—South Carolina Senator Ernest F. Hollings announces that he is entering the race for the Democratic presidential nomination.

April 21—Senator John Glenn of Ohio announces his decision to run for the Democratic presidential nomination.

Science and Space

April 9—The space shuttle Columbia lands after a 5-day flight.

April 20—The National Aeronautics and Space Administration says that the goal of 30 space shuttle flights a year by 1990 is highly improbable.

Supreme Court

April 4—In a unanimous ruling, the Court upholds a Court of Appeals ruling that "direct evidence of discriminatory intent" is not required as proof of intentional discrimination.

Voting 5 to 4, the Court rules that states cannot require independent candidates for President to meet "more onerous requirements" than major party candidates.

April 19—In a 9–0 ruling, the Court finds that the Nuclear Regulatory Commission need not take into account the question of psychological stress in deciding whether to restart a nuclear reactor at Three Mile Island in Pennsylvania.

April 20—A unanimous Court upholds the right of states to ban future nuclear power plants as long as the ban is motivated by economic factors.

The Court rules 8 to 1 that the 1st Amendment guarantees people the right to picket and distribute literature outside the Supreme Court on public sidewalks.

April 26—By a 6–3 vote, the Court rules that states can transfer prison inmates to prisons in other states.

VIETNAM

(See also *China; Kampuchea; Thailand*)

April 12—The government claims that its attacks on guerrilla bases in Cambodia were "necessary counterattacks" that routed the guerrillas.

ZIMBABWE

April 8—Prime Minister Robert Mugabe tells a crowd of supporters in Zhombe that government troops fighting dissidents in Matabeleland "cannot tell who is a dissident and who is not" and that people aiding the dissidents will be eradicated.

April 27—Former intelligence chief Dumiso Dabengwa and former deputy commander of the army Lookout Masuku are acquitted of charges of treason; they are immediately rearrested without charge.

MAY, 1983

INTERNATIONAL

Arms Control

May 17—U.S. and Soviet negotiators resume talks in Geneva on the reduction of intermediate-range nuclear missiles in Europe; the talks have been in recess for 7 weeks.

Contadora Group

(See also *U.N.*)

May 13—The 4 members of the Contadora Group, Mex-

ico, Venezuela, Colombia and Panama, agree to send civilian observers to inspect the Costa Rican-Nicaraguan border.

May 28—In Panama, 9 Latin American countries confer on Central America at the invitation of the Contadora Group.

Iran-Iraq War

May 21—Mirza Taheri, the head of the Iranian environmental department, says that Iraq used French-

made Exocet missiles to damage 3 Iranian oil wells in the Persian Gulf; he says the damage has left an oil slick covering 170 to 180 square miles of the gulf.

Middle East

(See also *Israel; Lebanon; Syria*)

May 6—A troop withdrawal agreement is completed by Israel and Lebanon with the aid of U.S. Secretary of State George Shultz.

May 10—U.S. State Department spokesman Alan Romberg reports U.S. concern over an increase in both Syrian and Palestine Liberation Organization (PLO) forces in Lebanon.

In Paris, Secretary Shultz asks the Soviet Union to use its influence to persuade Syria to withdraw its forces from Lebanon.

May 13—Syrian Foreign Minister Abdel Halim Khaddam says of the Lebanese troop withdrawal agreement, "We have rejected the agreement in form and substance."

May 15—Western intelligence sources report that for the first time the Soviet Union has installed SAM-5 antiaircraft missiles near Homs, Syria.

May 16—Israeli and Lebanese Parliaments approve the troop withdrawal agreement limiting Lebanese military deployment in southern Lebanon near the Israeli border; the Israeli Army is to withdraw within 8 to 12 weeks if Syrian and PLO forces also leave Lebanon. The agreement also recognizes that a state of war between Israel and Lebanon "no longer exists."

May 17—The withdrawal agreement is signed in Israel and Lebanon.

In Washington, D.C., Secretary Shultz and Israeli chargé d'affaires Benjamin Netanyahu sign an agreement (not to be made public at Lebanon's request) that recognizes Israel's right to self-defense against terrorist attacks in Lebanon.

May 18—Syria rejects U.S. President Ronald Reagan's appeal to withdraw its troops from Lebanon.

May 22—PLO leader Yasir Arafat is reported to have stopped a rebellion of 5 of his officers near Baalbek, Lebanon.

May 24—Arafat calls the mutiny the result of Libyan leader Colonel Muammar Qaddafi's mischief.

May 25—Israeli military sources claim that Syrian fighter planes fired missiles at Israeli reconnaissance planes over Lebanon in the Bekaa Valley.

May 27—Secretary Shultz warns Syria that its military buildup along the Lebanese border and in Lebanon "could threaten the uneasy peace that now prevails."

Organization for Economic Cooperation and Development (OECD)

May 9—The 24 members of the Organization for Economic Cooperation and Development begin a 2-day meeting in Paris aimed at alleviating their economic disputes.

United Nations

May 13—The General Assembly votes 103 to 5 to approve a resolution demanding that Turkey end its occupation of northern Cyprus; Turkish troops invaded Cyprus in 1974.

May 19—The Security Council unanimously adopts a resolution urging the Contadora Group (Panama, Mexico, Venezuela and Colombia) to "spare no effort to find solutions" to the problems in Central America; Nicaragua requested the resolution.

May 31—The Security Council votes 15 to 0 to ask Secretary General Javier Pérez de Cuéllar to confer with South Africa and the Southwest Africa People's Organization on a cease-fire and the independence of Namibia.

Williamsburg Summit

May 28—U.S. President Ronald Reagan welcomes the heads of 7 Western industrial democracies (including Japan and the head of the European Common Market) to a conference on economics and nuclear arms in Williamsburg, Virginia.

May 29—The leaders ask the Soviet Union "to contribute constructively to the success of . . . negotiations" now under way on reducing the number of medium-range nuclear weapons in Europe.

May 30—The summit conference ends with a declaration saying that "we now clearly see signs of recovery" from the world economic depression; the leaders call for increased trade, aid for the faster development of third world countries and a possible international monetary conference.

AFGHANISTAN

(See also *U.S.S.R.; U.S., Foreign Policy*)

May 10—Western diplomats in Islamabad report that Afghan government and Soviet forces have begun a major offensive to eliminate rebel strongholds north of Kabul.

May 17—It is reported from Islamabad that a Soviet garrison has been established near Iran's border in northwestern Afghanistan.

ARGENTINA

May 8—The pro-government daily *La Nacion* reports that the government intends to grant amnesty to the security forces for any crimes they may have committed during antiguerrilla operations in the 1970's.

May 18—In Buenos Aires, human rights activists and political leaders report that military officials killed 2 left-wing Peronists during the weekend.

May 20—The government says the leftist faction of the Peronist party is cooperating with exiled Montonero guerrillas.

May 27—The press agency Noticias Argentinas says that former President Leopoldo Galtieri has been released from detention after serving a 45-day sentence for criticizing the government.

AUSTRALIA

(See also *France*)

May 15—Deputy Prime Minister Lionel E. Bowen suggests that Japanese and Australian troops set up a peacekeeping force in Kampuchea so that Vietnamese troops can withdraw.

AUSTRIA

May 11—The Socialist and Freedom parties announce that they have agreed to form a coalition government.

May 17—Chancellor Bruno Kreisky formally resigns in favor of Fred Sinowatz, his deputy.

May 24—Sinowatz becomes Austria's 7th Chancellor since 1945.

BELIZE

May 12—In Washington, D.C., Prime Minister George Price visits U.S. President Ronald Reagan at the White House.

BOLIVIA

May 3—Javier Luppo Gamarra, the Minister for Tourism and Commerce, resigns from the Cabinet.

May 4—Two more Cabinet ministers resign; thus the Cabinet faces its 2d political crisis since it took office 7 months ago.

BRAZIL

May 4—An Air Ministry spokesman says that Brazil will return by sea the intercepted air shipment of Libyan arms intended for Nicaragua.

CHILE

(See *France*)

CHINA

(See *U.S., Foreign Policy*)

COSTA RICA

(See also *Intl, Contadora Group*)

May 30—The Foreign Ministry announces that it has asked the foreign ministers of Mexico, Venezuela, Panama and Colombia to set up a permanent observation team to monitor Costa Rica's border with Nicaragua.

CUBA

(See *U.S., Foreign Policy*)

EL SALVADOR

(See also *U.S., Foreign Policy*)

May 4—The Constituent Assembly unanimously approves a law giving amnesty to hundreds of political prisoners; a 3-man amnesty commission is established.

May 21—In San Salvador, military sources report that the army has launched 4,000 men against guerrilla forces in 2 eastern provinces.

May 25—U.S. Navy Lieutenant Commander Albert A. Schaufelberger 3d is shot and killed in San Salvador.

FINLAND

May 6—The new center-left coalition Cabinet is sworn in; Social Democrat Kalevi Sorsa will continue as Prime Minister.

FRANCE

May 4—At least 13 students are hurt when police using clubs and tear gas try to disperse demonstrators across the country who are protesting the government's plan to tighten university entrance requirements and assume more direction of university courses.

May 5—In Paris, 10,000 shopkeepers demonstrate against the government's economic policies; students continue to demonstrate.

May 11—Hundreds of students continue to battle riot police in Cannes, Paris and other cities.

In Paris, a government spokesman says that the government will ask its European Common Market allies for a new \$4-billion loan to help defend the franc.

May 18—Ambassador Léon Bouvier is recalled from Chile; Foreign Minister Claude Cheysson says that Chile's President "is a curse on his people."

May 23—In 43 separate attacks, Corsican separatists bomb banks, homes, businesses and a police station.

May 26—France explodes a 70-kiloton nuclear bomb at a South Pacific test site; this is the largest known French test explosion. Australia protests.

May 29—2 bombs explode in central Paris, injuring 3

people; bombs also explode in 3 French Caribbean territories, killing 1. No group takes responsibility.

GERMANY, WEST

May 4—Chancellor Helmut Kohl declares that he intends to establish regular top-level relations with Moscow but warns Soviet leaders not to threaten their Western neighbors.

May 6—After careful examination and tests, the Interior Ministry in Bonn says the diaries alleged to be Adolph Hitler's are forgeries.

May 7—*Stern* magazine's 2 chief editors resign because they printed the forgeries as authentic.

May 21—In Bad Hersfeld, a crowd of about 5,000 struggle with police attempting to protect a reunion of Hitler's SS veterans.

May 27—A West German prosecutor reports that Konrad Kujau, a dealer in Nazi memorabilia, has confessed that he forged the "Hitler diaries."

GUYANA

May 23—A Foreign Ministry spokesman reports that 2 U.S. Embassy officials have been ordered to leave Guyana because of their alleged interference in its internal affairs. The U.S. Embassy denies the charge.

HAITI

May 16—In the first free municipal elections in 26 years, unofficial returns show that the candidate supported by the government lost in Cap-Haitien, the 2d largest city in Haiti.

HONDURAS

(See *Nicaragua; U.S., Foreign Policy*)

IRAN

(See also *Intl, Iran-Iraq War; U.S.S.R.*)

May 4—The Foreign Ministry announces that Soviet diplomats have been ordered to leave the country. Earlier today, the government dissolved Iran's Communist party, charging it with espionage for the U.S.S.R.

IRAQ

(See *Intl, Iran-Iraq War; Turkey*)

ISRAEL

(See also *Intl, Middle East; Lebanon; Syria; U.S., Foreign Policy*)

May 5—Chaim Herzog is sworn in as the nation's 6th President.

May 6—The Cabinet votes 17 to 2 to accept in principle a draft treaty with Lebanon on border security, providing a basis for the withdrawal of Israeli troops from Lebanon.

May 13—Lieutenant General Moshe Levy, the new chief of staff, orders less stringent treatment of Arabs in occupied territories, softening the policies of his predecessor, Rafael Eytan.

May 20—Dr. Hussein Obeid, an Arab who is director of Health Services on the West Bank, says he has been fired because he refuses to say that the illness that has struck more than 900 West Bank Arabs is hysteria.

May 22—Government-employed physicians strike for a wage increase.

May 25—Some one-third of the striking physicians return to work on government orders.

May 27—In a speech in Tel Aviv, Defense Minister

Moshe Arens declares that the Syrians "cannot . . . provoke" Israel into war.

ITALY

May 4—President Sandro Pertini dissolves Parliament; the Socialist party has demanded early elections.

May 5—It is announced that general elections will be held on June 26–27, 1 year early. The failed coalition government is Italy's 43d postwar government.

JAPAN

(See also *Korea, North*)

May 23—The National Police Agency says it has not found evidence to press charges against 11 Japanese as spies for the Soviet Union, despite charges made by a K.G.B. defector who lived in Japan as a Soviet reporter.

May 27—In Washington, D.C., just before the Williamsburg summit meeting, Prime Minister Yasuhiro Nakasone endorses U.S. President Reagan's foreign policy and says he hopes for an early U.S.-Soviet summit meeting.

KAMPUCHEA

(See also *Australia*)

May 2—It is announced in Phnom Penh that some 1,500 Vietnamese troops are leaving for Vietnam. The Vietnamese Ambassador, Ngo Dinh, says this is part of a projected larger withdrawal of 10,000 troops in May; there are an estimated 180,000 Vietnamese troops in Kampuchea. Western journalists are invited to see the withdrawal.

May 13—Prasong Soonsiri, secretary general of Thailand's National Security Council, declares that Vietnam sent 2,000 additional troops into Kampuchea on May 3.

May 25—U.N. relief workers say that some 20,000 Cambodian refugees who fled to Thailand 3 months ago have returned to Kampuchea.

KENYA

May 17—President Daniel arap Moi announces plans to hold elections in September, 14 months earlier than planned.

KOREA, NORTH

May 15—The Japanese government welcomes an official North Korean delegation to Tokyo to attend an international conference of judicial experts; this is the 1st time Japan has allowed a delegation from Pyongyang to visit Tokyo.

LEBANON

(See also *Intl., Middle East; Israel; Syria; U.S.S.R.*)

May 5—Christian and Muslim suburbs of Beirut suffer the worst artillery and rocket clashes between Christian and Druse militiamen since the Israeli invasion in 1982.

May 14—President Amin Gemayel's Cabinet unanimously approves the withdrawal agreement with Israel.

LESOTHO

(See *South Africa*)

LIBYA

(See *Brazil*)

MEXICO

May 30—The government announces a new 6-year economic plan that will make "qualitative changes" in the economy.

MOZAMBIQUE

(See also *South Africa*)

May 22—President Samora M. Machel announces a shift in his Cabinet and measures that will allow private enterprise to increase agricultural production.

May 29—The government officially announces a Cabinet shuffle; President Machel will now also head the Defense Ministry.

NAMIBIA

(See *Intl, U.N.*)

NICARAGUA

(See also *Intl, Contadora Group, U.N.; U.S., Foreign Policy*)

May 1—Bayardo Arce, political leader of the Sandinist National Directorate, makes a formal response to U.S. President Reagan's speech on Central America, detailing U.S. violations of Nicaraguan territory over the last 2 years.

May 3—The government says that a 1,500-man rebel force has crossed into its northern province, aided by the Honduran military.

May 8—In Managua, diplomatic sources say that Nicaragua will ask the U.N. Security Council for a peace-keeping force to patrol its border.

May 14—The Defense Ministry says some 500 rebels invaded Nicaragua early today but were halted in a major battle 180 miles north of Managua.

May 27—The government orders the state of national emergency extended for another year.

NORWAY

May 1—A Defense Ministry spokesman reports that the Navy sighted an oil slick where an unidentified submarine was believed to be hiding; a frigate has also fired a barrage of missiles at "an underwater object."

PERU

May 25—When paramilitary guards strike in Lima and Callao, President Fernando Belaúnde Terry orders a 3-day state of emergency.

May 29—The Lima police report that about 500 people have been detained for the May 27 bombings that blacked out most of Lima.

May 30—The President declares a 60-day state of emergency, suspending civil rights.

POLAND

(See also *U.S.S.R.*)

May 1—In unauthorized May Day rallies in 20 cities and towns, thousands of demonstrators face police action when they rally for the banned labor union Solidarity.

May 3—In Gdansk, Warsaw and 3 other towns, spontaneous pro-Solidarity demonstrations are crushed.

May 5—Western diplomats in Warsaw report that thousands of potential "troublemakers" are being officially encouraged to emigrate.

May 21—Despite a request from the Roman Catholic Church, the government reiterates its refusal to grant amnesty to political prisoners before next month's visit of Pope John Paul II.

SOUTH AFRICA

(See also *Intl, U.N.*)

- May 5—The new constitution is formally presented to Parliament; it calls for the establishment of an 85-member colored House of Representatives and a 45-member Asian House of Deputies alongside the 178-member white House of Assembly.
- May 6—The government issues new regulations on owners of border farms, to prevent guerrilla raids from Zimbabwe and Botswana; the farms cannot be left vacant.
- May 11—Andreis P. Treurnicht, right-wing challenger to Prime Minister P. W. Botha, is returned to Parliament in a by-election. Botha holds his own seat by a narrow margin.
- May 20—In Pretoria, 16 people are killed and more than 190 are wounded when a car bomb explodes outside the headquarters of the South African air force.
- May 21—Although he takes no responsibility for yesterday's terrorist attack, Oliver Tambo, leader of the African National Congress (ANC) of South Africa, says that the struggle against white rule in South Africa is escalating.
- May 23—South Africa reports that its air force bombed ANC installations in Maputo, Mozambique, this morning. Mozambique denies that the attack hit ANC installations.
- May 27—The government closes the main border post with Lesotho in retaliation for the bomb blast yesterday in Bloemfontein.
- May 31—A court of appeals rules that a black who has held a job for 10 consecutive years in a white area can live in the white area; a black who subsequently loses the job cannot be deported to the black "homelands."

SPAIN

- May 8—In municipal elections, the Socialist party wins, defeating the candidates of the right-wing Popular Alliance.

SRI LANKA

- May 18—A national emergency is declared after 2 Sri Lankans are killed and 3 are injured in violence during national and local elections; the ruling United National party wins 14 of the 18 national parliamentary seats being contested.

SWEDEN

- May 5—In Stockholm, Prime Minister Olof Palme confers with Soviet Ambassador Boris D. Pankin, as the navy continues to search for an alien submarine off Sweden's east coast.

SYRIA

(See also *Intl, Middle East; Israel*)

- May 2—President Hafez Assad declares that Israel's conditions for withdrawing its troops from Lebanon are unacceptable; he urges Lebanon to refuse to sign an agreement with Israel.
- May 15—According to the state-owned Syrian radio, President Assad gives his full support to Lebanese political leaders opposed to the Israeli-Lebanese troop withdrawal accord.
- May 29—The Palestinian press agency reports that 5 rebel Palestine Liberation Organization (PLO) officers took control of 6 supply depots in Damascus from PLO members loyal to PLO head Yasir Arafat.

THAILAND

(See *Kampuchea*)

TURKEY

(See also *Intl, U.N.*)

- May 16—The Nationalist Democracy party, the 1st new party formed since the military regime took office 3 years ago, is registered at the Interior Ministry by a group of former government officials, retired military officers and businessmen.
- May 24—In southeast Turkey, a military court sentences 35 Kurds to death, 28 to life in prison and 331 to various prison terms for treason.
- May 27—The Foreign Ministry says that 2,000 Turkish troops entered Iraq yesterday to capture Kurdish insurgents who "posed a threat to security and peace in the area."
- May 31—The military government bans a new political party, the Great Turkey party, and places 14 politicians in "preventive custody."

U.S.S.R.

(See also *Intl, Arms Control, Middle East, Williamsburg Summit; Afghanistan; Germany, West; Iran; Japan; Poland; Sweden; U.S., Foreign Policy*)

- May 3—Soviet General Secretary Yuri V. Andropov suggests that the Soviet Union might reduce nuclear medium-range forces in Europe to NATO (North Atlantic Treaty Organization) levels, counting the number of warheads as well as missiles and planes.
- May 5—An editorial in *Pravda* terms the expulsion of 18 Soviet diplomats from Teheran "arbitrary and totally unfounded."
- May 7—In Washington, D.C., U.S. administration officials charge that the Soviet Union plans virtually to double its SS-20 medium-range missiles targeted on Asia.
- May 9—The Soviet embassy in Beirut reports that wives and children of Soviet diplomats in Lebanon have been ordered to return to the U.S.S.R.
- The Soviet journal *Novoye Vremya* sharply criticizes Polish Deputy Prime Minister Mieczyslaw Rakowski; this is the strongest Soviet criticism of Poland in 17 months of Polish martial law.
- May 12—In an editorial prepared for publication tomorrow, the party newspaper *Pravda* says that Andropov's latest arms proposals cannot be coordinated with those of U.S. President Reagan.
- May 28—The government says that it might deploy missiles in East Europe if U.S. intermediate-range missiles are installed in West Europe in December.
- May 29—The Soviet Ambassador to Pakistan accuses the U.S. of trying to "torpedo" talks being held in Geneva on the eventual withdrawal of Soviet troops from Afghanistan.

UNITED KINGDOM

Great Britain

- May 9—Prime Minister Margaret Thatcher calls for a general election on June 9, 11 months early.

Northern Ireland

- May 25—In Belfast, a car bomb injures at least 15 people and damages over 100 houses.

UNITED STATES

Administration

- May 1—Under new regulations issued today by head of

the Federal Health Care Financing Administration Carolyn K. Davis, Medicare benefits for hospice patients will be reduced some 60 percent below congressionally envisaged levels to a maximum of about \$4,332 per patient.

May 4—In a report issued today, the National Task Force on Education for Economic Growth says that our schools "are not doing an adequate job of educating for today's requirements in the workplace, much less tomorrow's."

May 5—In a unanimous decision, the Nuclear Regulatory Commission says that unless there are "compelling reasons to keep them in operation" it will issue an order closing the 2 nuclear power plants at Indian Point, New York, on June 9, because there is no workable plan for evacuating residents in a 10-mile area around the plants in case of a reactor emergency.

May 6—The Nuclear Regulatory Commission fines the operators of New Jersey's Salem nuclear power plant \$850,000 because an automatic safety shutdown system at the plant failed 4 times in 1 year.

May 11—The Environmental Protection Agency reports that in at least 1 testing procedure some two-thirds of the tests—more than 200 tests of herbicides and pesticides—performed by Industrial Bio-Test Laboratories of Illinois were invalid.

Deputy Secretary of Commerce Guy W. Fiske resigns during congressional and Justice Department investigations into his activities relating to the sale of U.S. weather satellites to private industry.

May 18—The Senate votes unanimously to approve William D. Ruckelshaus as administrator of the Environmental Protection Agency (EPA).

May 20—Four more top EPA officials resign, apparently at Ruckelshaus's request.

May 21—In a speech at Seton Hall University in New Jersey, President Reagan calls for tax credits for parents sending children to private schools and less federal support for the nation's public school systems.

May 27—After 3 air hijackings in the last month, the Federal Aviation Administration orders plainclothes marshals to travel on commercial airplanes on a randomly selected basis.

A federal grand jury indicts former EPA official Rita Lavelle for contempt of Congress.

Civil Rights

May 8—The Census Bureau reports that according to the 1980 census the black population of the U.S. is now 11.7 percent of the total population.

May 21—Chairman of the board of the NAACP (National Association for the Advancement of Colored People) Margaret Bush Wilson indefinitely suspends the association's executive director, Benjamin L. Hooks.

May 25—President Reagan replaces 3 members of the Civil Rights Commission with appointees considered more favorable to his civil rights leanings.

May 27—NAACP chairman Margaret Wilson reinstates Benjamin Hooks as executive director.

Economy

May 1—The Commerce Department reports that, with a per capita income of \$15,200, Alaskans were above the national average of \$11,056 in 1982.

May 6—The Labor Department reports that the nation's unemployment rate remained at 10.1 percent in April. The New York Stock Exchange's Dow Jones indus-

trial average reaches a new record high of 1,232.59.

May 13—The Labor Department reports that its producer price index declined 0.1 percent in April.

May 19—The Commerce Department reports that the nation's gross national product (GNP) grew at an annual rate of 2.5 percent in the 1st quarter of 1983.

May 24—The Labor Department reports that its consumer price index rose 0.6 percent in April.

May 31—The Commerce Department reports that its index of leading economic indicators rose 1.1 percent in April.

Foreign Policy

(See also *Intl. Arms Control, Middle East, Williamsburg Summit; Belize; El Salvador; Guyana; Japan; Nicaragua; Spain; U.S.S.R.; U.S., Legislation*)

May 3—Meeting in Chicago, the Roman Catholic bishops of the U.S. approve a 3d draft of a pastoral letter that denounces nuclear war and calls on their parishioners to help "prevent any use of nuclear weapons" and a halt in the production of nuclear arms. The vote is 238 to 9.

May 4—At a news conference, President Reagan calls the insurgent forces in Nicaragua "freedom fighters" and admits they are receiving covert aid from the Central Intelligence Agency.

May 5—In testimony before a Senate committee, Secretary of Defense Caspar Weinberger and chairman of the Joint Chiefs of Staff General John W. Vessey Jr. imply that the U.S. may move to a nuclear strategy known as launching under attack; they tell the Senate committee that the MX missiles deployed in existing silos would be vulnerable only "if we ride out the attack" instead of launching immediately when attack threatens.

May 10—The White House announces that Nicaragua will be permitted to sell only 6,000 short tons of sugar in the U.S. in the next fiscal year instead of the current quota of 58,000 short tons.

May 11—In Beijing, U.S. and Chinese negotiators sign 4 accords on technology exchange.

May 13—Speaking in New York City, Defense Secretary Caspar Weinberger warns that "any [Soviet] aggression" in Lebanon will be countered by "retaliatory force."

May 20—President Reagan lifts the embargo against the sale of 75 F-16 fighter planes to Israel.

State Department spokesman John Hughes says that the Soviet Union has killed hundreds of civilians in the "brutal and prolonged . . . bombing of civilian areas within Afghanistan in recent weeks."

In a speech in Miami, President Reagan defends his Latin American program and warns critics of the dangers of the "Soviet-Cuban-Nicaraguan axis."

May 23—Central Intelligence Agency director William J. Casey denies a report that appeared in yesterday's *New York Times* claiming that the agency predicted that Nicaraguan rebels had a good chance to overthrow the Sandinist government of Nicaragua by the end of this year.

May 25—The deputy commander of the U.S. military group in El Salvador, Lieutenant Commander Albert A. Schaufelberger 3d, is shot and killed in San Salvador.

May 26—The Defense Department reports that Honduras has agreed to accept triple the number of U.S. military advisers there and to open a training base for Salvadoran soldiers in Honduras.

May 27—The radical left guerrilla group Farabundo Martí Liberation Front claims responsibility for Schaufelberger's murder.

The State and Defense Departments issue a background paper that claims Cuba is increasing its "political-military activism" in Central America.

Secretary of State George Shultz announces that Assistant Secretary of State for Inter-American Affairs Thomas O. Enders is being replaced by Ambassador to Brazil Langhorne A. Motley.

May 29—In San Salvador, U.S. Ambassador to El Salvador Deane Hinton refuses to comment on administration statements that he is to be replaced.

Labor and Industry

May 18—In Dallas, the United Automobile Workers convention selects Owen F. Bieber as its 6th president, replacing the retiring Douglas A. Fraser.

Legislation

May 4—Voting 278 to 149, the House approves a resolution that asks President Reagan to "negotiate a mutual and verifiable freeze and reductions in nuclear weapons" with the Soviet Union.

May 18—The House votes 413 to 0 to cite Rita M. Lavelle, former EPA toxic waste programs director, for contempt of Congress in not honoring a subpoena to testify before a House subcommittee.

May 19—Voting 50 to 49, the Senate approves a budget resolution calling for tax increases of \$9 billion, \$849.7 billion in spending; \$671 billion in revenue and a deficit of \$178.6 billion in fiscal 1984. The bill goes to conference.

May 24—The House votes 239 to 186 to release \$625 million for testing and developing the MX missile (missile experimental).

May 25—The Senate votes 51 to 42 for a bill extending the national debt limit by \$99 billion to \$1.3 trillion and making funds available to run the government through September 30; the bill passed the House last week in a voice vote and goes to President Reagan.

Voting 59 to 39, the Senate approves a resolution releasing \$625 million for MX missile testing and development.

May 26—The House votes 223 to 167 to approve the Senate version of the bill releasing \$625 million for MX missile development.

Military

May 10—The Senate confirms the appointment of General John A. Wickham Jr. as Army Chief of Staff; he will succeed General Edward C. Meyer on June 30.

JUNE, 1983

INTERNATIONAL

Arms Control

June 8—The Strategic Arms Reductions Talks (START) resume in Geneva after a 10-week recess.

International Monetary Fund (IMF)

June 29—Officials say that the fund is \$2 billion short of the money needed to fulfill its lending commitments.

Iran-Iraq War

(See also *France*)

June 7—The official Iraqi press agency reports that

Political Scandal

(See *Supreme Court*)

Supreme Court

May 2—In a 7-2 decision, the Supreme Court upholds lower court decisions that declared unconstitutional a California vagrancy law under which a police officer could require a person "to identify himself and to account for his presence."

May 23—The Court rules unanimously that Congress did not violate the constitution when it enacted a law allowing veterans lobbying organizations preferential tax treatment.

May 24—The Court rules 8 to 1 that the Internal Revenue Service acted constitutionally when it denied tax exemptions to Bob Jones University and the Goldsboro Christian Schools because they are racially discriminatory.

May 31—The Supreme Court refuses without comment to hear an appeal from a U.S. Court of Appeals decision that upheld the conviction of 7 Abscam defendants, including 4 former Congressmen.

UPPER VOLTA

May 17—President Jean-Baptiste Ouedraogo orders the arrest of Prime Minister Thomas Sankara and several members of his Cabinet on treason charges.

URUGUAY

May 28—General Julio Rapela, head of the Armed Forces Political Affairs Committee, announces that talks with civilian politicians on next year's elections have been broken off.

VATICAN

(See also *Poland*)

May 26—Pope John Paul II meets with a Bulgarian delegation headed by Deputy Foreign Minister Luben Gotsev.

VIETNAM

(See *Kampuchea*)

ZIMBABWE

May 23—In Harare, 6 officers of the air force go on trial for treason in connection with the destruction of 13 war planes in July, 1982.

May 28—The Home Affairs Ministry officially orders the indefinite detention of 6 supporters of opposition leader Joshua Nkomo; the 6 were acquitted and immediately rearrested April 27.

President Saddam Hussein has proposed a limited cease-fire; this is the 3d cease fire offer he has made since February.

Middle East

(See also *Syria*)

June 1—At a news conference in Lebanon's Bekaa Valley, a senior civilian member of Al Fatah, the largest guerrilla group that makes up the Palestine Liberation Organization (PLO), says that he and about 24 other leaders of Al Fatah have joined a rebellion against the leadership of Yasir Arafat.

June 14—Lebanese officials report that at least 7 people

were killed in a clash between rival members of Al Fatah.

June 21—PLO guerrillas opposed to Arafat take over 8 positions held by Arafat loyalists in Lebanon; the guerrillas are backed by Syrian troops and tanks.

June 24—Arafat is expelled from Syria after he accuses President Hafez Assad of aiding the rebellion against him in Lebanon.

June 30—The fighting PLO factions announce that they have called an immediate truce.

North Atlantic Treaty Organization (NATO)

June 10—The foreign ministers of the NATO nations issue a communiqué affirming their plans to deploy intermediate-range nuclear missiles in West Europe in December.

Organization of African Unity (OAU)

June 8—At the opening of the meeting in Addis Ababa, Ethiopia, the Ethiopian head of state, Colonel Mengistu Haile Mariam, is named chairman.

June 11—The OAU calls for a cease-fire and a referendum within 6 months in the Western Sahara.

June 12—The 19th summit conference ends.

United Nations (U.N.)

June 24—Talks in Geneva on the withdrawal of Soviet troops from Afghanistan end.

AUSTRALIA

June 13—Prime Minister Robert Hawke meets with U.S. President Ronald Reagan in Washington, D.C., at the beginning of a 5-day visit.

June 30—Foreign Minister William Hayden meets with Vietnamese Prime Minister Pham Van Dong in Hanoi for talks on Vietnam's occupation of Kampuchea.

CHAD

(See also *France*)

June 23—The Chadian Embassy in Paris reports that 3,500 Libyan-backed rebels have invaded northern Chad.

June 25—The government reports that the guerrillas control about one-third of the country.

CHILE

June 15—It is reported that at least 600 people were arrested in nationwide protests yesterday; 2 demonstrators were shot to death by unidentified gunmen.

June 17—President Augusto Pinochet announces that he will not step down before 1989, but that he will end book censorship, allow exiles to return and make public the secret meetings of the government's legislative commission.

June 18—2 copper mines are placed under military control.

June 27—President Pinochet says he will not allow any more strikes against the government.

June 29—5 more labor union leaders are forcibly sent to southern Chile for 3 months; the military government has banished 10 labor leaders in the last 3 days.

CHINA

June 6—At the opening session of the 6th National People's Congress, Prime Minister Zhao Ziyang announces the creation of a Ministry of State Security.

June 18—Li Xiannian is elected President by the Na-

tional People's Congress; the post has been vacant for 15 years.

June 20—The National People's Congress approves the appointment of Ling Yun as the new Minister of State Security.

CUBA

(See *Nicaragua; U.S., Foreign Policy*)

CZECHOSLOVAKIA

June 21—In Prague, about 100 young people shouting "We want freedom" are dispersed by the police; this is the 1st major demonstration in 14 years.

EL SALVADOR

(See also *Honduras; U.S., Foreign Policy*)

June 1—A Salvadoran guerrilla group, the Popular Liberation Forces, issues a communiqué saying the U.S. "military advisers sent here will return to the United States in coffins."

June 18—Speaking before a U.S. congressional committee in Washington, D.C., President Alvaro Magaña says that his government will not conduct open-ended negotiations with the guerrillas, even if that means the loss of U.S. economic and military aid.

June 27—José Antonio Ehrlich, assistant secretary general of the Christian Democratic party, criticizes the constitution being drafted by the Constituent Assembly, charging that it is "closing the door" on land reform.

ETHIOPIA

(See *Intl, OAU*)

FRANCE

(See also *U.S., Foreign Policy*)

June 3—1,500 policemen demonstrate in Paris against the government's "laxity" on crime.

June 8—In an interview, President François Mitterrand condemns the police demonstration as "seditious."

June 27—The U.S. State Department reports that France has agreed to lend Iraq 5 Super Etendard jet fighters capable of firing Exocet missiles; the loan was secretly arranged in Paris last month.

June 30—The government reports unofficially that it has sent 200 tons of military equipment and ammunition to Chad in the last few days.

GERMANY, WEST

June 27—U.S. Vice President George Bush's car is stoned in Krefeld; Chancellor Helmut Kohl tells Bush that the West German government will not "bend to terror in the street."

GHANA

June 19—Chairman of the Provisional National Defense Council Jerry J. Rawlings, the Ghanaian leader, announces that an attempted coup has been crushed by loyal troops.

GRENADA

June 1—On a visit to Washington, D.C., Prime Minister Maurice Bishop tells a meeting of the Organization of American States that he would like to renew ties with the U.S.

June 5—In an interview with *The New York Times*, Prime Minister Bishop concedes that his government

is holding approximately 40 political prisoners.

GUATEMALA

June 6—General José Guillermo Echeverría Vielman, the army's senior officer, publicly asks President Efraín Ríos Montt to hold elections.

June 12—Stopping in Guatemala City during his 10-nation tour of Central America, U.S. special envoy to Central America Richard B. Stone praises the military government of President Ríos Montt.

June 13—President Ríos Montt promises to hold elections in the 2d half of 1984.

June 29—President Ríos Montt suspends civil liberties and imposes press censorship under a month-long "state of alert."

HONDURAS

(See also *Nicaragua*)

June 9—Commander of the armed forces General Gustavo Alvarez Martinez says that the government will need at least \$400 million in U.S. military aid over the next 3 years to meet Honduran security needs.

June 21—The Honduran Congress authorizes the establishment of a U.S. training camp for Salvadoran soldiers in Honduras.

2 U.S. journalists are killed near the Nicaraguan border.

INDIA

(See also *U.S., Foreign Policy*)

June 11—The June 11 assembly elections in the northern states of Jammu and Kashmir give the National Conference party a majority over Prime Minister Indira Gandhi's Congress party.

June 17—It is reported that 1 of the 2 nuclear reactors at Tarapur has been shut down for lack of spare parts.

June 21—Maneka Gandhi, the daughter-in-law of Prime Minister Gandhi, is arrested for staging an illegal march in New Delhi; 100 other people are arrested.

IRAN

(See also *Intl, Iran-Iraq War*)

June 19—16 members of the Bahai religion were executed over the weekend, according to Bahai sources in London.

IRAQ

(See *Intl, Iran-Iraq War*)

ISRAEL

(See also *Lebanon; U.S., Foreign Policy*)

June 1—Speaking before the Knesset, Prime Minister Menachem Begin says that Israel is not planning to attack Syria.

June 8—Voting 55 to 47, the Knesset rejects a Labor party proposal that Israeli troops withdraw from the Bekaa Valley in Lebanon to southern Lebanon.

June 27—3,000 Israeli doctors end their 2-week hunger strike for higher pay.

ITALY

June 17—More than 10,000 paramilitary policemen and special agents stage raids in 26 cities, arresting 425 people for connections with organized crime.

JAPAN

June 27—Final results in yesterday's elections give Prime

Minister Yasuhiro Nakasone's Liberal Democratic party a majority in the upper house of Parliament.

KAMPUCHEA

(See *Australia; Thailand*)

LEBANON

(See also *Intl, Middle East; Israel*)

June 14—The Lebanese Parliament votes 65 to 2 to approve an agreement with Israel that calls for the simultaneous withdrawal of all foreign troops from Lebanon.

June 20—The state military prosecutor releases a report on the Beirut massacre that finds the Christian Phalangist party not responsible for the murders.

MALAWI

June 11—The government denies reports that several Cabinet members and army officers were killed June 5 in a struggle over who will succeed President Hastings Kamuzu Banda.

NICARAGUA

(See also *U.S., Foreign Policy*)

June 6—The government orders the expulsion of 3 U.S. diplomats for contacts with anti-Sandinists and for plotting to kill Foreign Minister Miguel d'Escoto Brockman. The U.S. government says the charges are "all lies."

June 10—U.S. special envoy to Central America Richard B. Stone meets with Sandinist government head Daniel Ortega Saavedra and his Foreign Minister.

June 18—U.S. administration officials report that Cuba's top military commander is "secretly assigned to duty" in Nicaragua.

June 28—Edgar Chamorro Coronel, a director of the anti-Sandinist Nicaraguan Democratic Force, says in an interview that he meets regularly with U.S. intelligence agents and directs operations in consultation with Honduran authorities.

PERU

June 1—Police report that they have arrested more than 500 people today for questioning about connections with the Shining Path guerrilla group.

PHILIPPINES

(See *U.S., Foreign Policy*)

POLAND

June 16—Pope John Paul II returns for his 1st visit since 1979.

June 18—Addressing a crowd of more than a million people in Czesochowa, Pope John Paul says the workers' struggle to build the labor union Solidarity was "a testimony that amazed the whole world."

June 22—General Wojciech Jaruzelski, the head of the Polish government, meets with the Pope for a 2d time.

June 23—Before ending his trip, the Pope meets with Lech Walesa, the head of the banned trade union Solidarity.

ROMANIA

(See *U.S., Foreign Policy*)

SOUTH AFRICA

(See also *U.S., Foreign Policy*)

June 9—3 black guerrillas who were members of the

banned African National Congress are executed.

June 11—The acting chief magistrate in Johannesburg bans any protests over the hanging of the 3 black nationalists.

June 22—Pieter G. Koornhof, Minister for Cooperation and Development, says that the government will not block last month's court decision on the residency of black migrant workers in white areas.

SPAIN

June 5—Ending his 5-nation tour of Latin America in Mexico City, Prime Minister Felipe González says that he will ask U.S. President Ronald Reagan to support the peace initiative of the Contadora Group—Mexico, Colombia, Venezuela and Panama—as the “only hope of peace” in Central America.

June 21—Prime Minister González meets with President Reagan in Washington, D.C.

SYRIA

(See also *Intl, Middle East*)

June 15—*Al Thaura*, a government newspaper, calls on Lebanese “national resistance movements” to wage guerrilla war on Israel and the Lebanese government.

June 26—The government radio accuses PLO leader Yasir Arafat of defeatism and having “chosen the path of the wilderness.”

THAILAND

June 1—The Ministry of Interior orders the deportation of a group of U.S. citizens who have been making frequent trips into Laos looking for U.S. soldiers missing after the Vietnam war.

June 9—Foreign Minister Siddhi Savetsila meets with Vietnamese Foreign Minister Nguyen Co Thach in Bangkok; they agree to hold further talks on Kampuchea (Cambodia).

June 22—Military officials report that about 8,000 Cambodians have arrived at a refugee camp on the border with Kampuchea in the last month; there are now almost 40,000 refugees at the camp.

TURKEY

June 1—President Kenan Evren warns the country that elections planned for November 6 may be postponed if politicians barred from forming parties or taking part in the elections continue to build new parties.

June 13—The military government amends the new election bill to allow the government to veto political candidates.

June 23—The government bans 21 founders of the new Social Democratic party from taking part in politics.

U.S.S.R.

(See also *Intl, U.N.; U.S., Foreign Policy*)

June 2—In Moscow, General Secretary Yuri Andropov tells former U.S. envoy W. Averell Harriman that his country is “ready and interested in seeking joint initiatives” to restore normal relations with the U.S.

June 4—The government orders the expulsion of Louis C. Thomas, an attaché to the U.S. Embassy, for being “caught redhanded during a spy action in Moscow.”

June 6—An official “anti-Zionist committee” tells a news conference that “the vast majority” of Jews who wanted to emigrate have left.

June 9—The government press agency Tass says that

President Reagan's recent proposal for strategic arms reductions are still aimed at the unilateral disarmament of the U.S.S.R.

June 16—Andropov is elected by the Supreme Soviet to the post of President.

June 22—The U.S. Central Intelligence and Defense Intelligence Agencies release a report showing that Soviet military spending increased by 4% in 1981.

UNITED KINGDOM

Great Britain

June 10—Results from yesterday's general elections give Prime Minister Margaret Thatcher's Conservative party a resounding victory over the Labor party; the Conservatives win 347 seats in Parliament, the largest majority of any British government since 1945. Labor wins 209 seats, the Liberal-Social Democratic alliance, 23 seats, and other parties, 21 seats.

June 11—Prime Minister Thatcher dismisses Foreign Secretary Francis Pym; Sir Geoffrey Howe is named to succeed him.

June 12—Michael Foot, head of the Labor party, says he will resign his post in October.

UNITED STATES

Administration

June 7—The Occupational Safety and Health Administration (OSHA) proposes easing some protective standards on cotton dust, while retaining most basic protections for textile workers.

June 8—A study team appointed by Ronald Reagan's administration concludes that man-made pollution is probably the major cause of the acid rain that is apparently destroying fresh water life in the nation's northeast and in parts of Canada.

June 9—The Federal Nuclear Regulatory Commission votes to allow the Indian Point (N.Y.) nuclear power plants to reopen; an emergency evacuation drill is to be held in 60 days.

June 11—In one of his 5-minute radio talks, the President declares that under his administration the nation is growing “more healthy and more beautiful every year.”

June 15—Arrest search warrants or criminal subpoenas are issued by federal and state authorities in a crackdown on some 50 people charged with killing bald or golden eagles or trafficking in their feathers.

Agriculture Secretary John R. Block announces the outlines of a plan to extend to the 1984 wheat crop the payment-in-kind program, which will reduce the wheat surplus.

June 16—One of those charged with killing or selling bald or golden eagles for profit declares that the indictments were staged for Interior Secretary James Watt's political purposes; many of those charged are Indians, who are allowed to receive endangered bird feathers for religious purposes.

June 17—In St. Paul, a U.S. district court rules that a law forcing male students to disclose their draft registration status when asking for college financial aid is unconstitutional.

June 18—In Los Angeles, a U.S. district judge rules that the Social Security Agency must stop cutting off benefits to disabled recipients in 9 western states unless it can be proved that the recipients have improved medically.

President Reagan reappoints Paul A. Volcker to another 4-year term as chairman of the Federal Reserve Board.

June 23—Environmental Protection Agency (EPA) administrator William D. Ruckelshaus says that the EPA will not impose sanctions on communities that fail to meet the standards set by the Clean Air Act if they are making "reasonable efforts" to solve air quality problems.

June 24—The annual report of the trustees legally responsible for managing Medicare trust funds say the funds will face possible insolvency around 1990.

June 27—It is reported by United Press International that although 7 of the EPA's political appointees left their jobs as a result of the controversy over Ann Gorsuch Buford, all 7 are serving the agency as temporary government consultants earning more than \$240 a day.

June 30—The Synthetic Fuels Corporation announces that it will pledge \$120 million in guarantees to a Daggett, California, corporation for a project to convert coal to gas; this is the 1st financial commitment the corporation has made.

Civil Rights

June 11—At a special meeting, the National Association for the Advancement of Colored People's national board reiterates its request for the resignation of chairman Margaret Bush Wilson.

June 14—The U.S. Commission on Civil Rights charges that the administration has made many "efforts to reduce federal civil rights enforcement in education."

June 15—The executive committee of the Leadership Conference on Civil Rights asks the Senate to reject the President's nominees to the U.S. Civil Rights Commission.

June 16—The Justice Department announces that it will send federal observers to facilitate black voter registration in 5 Mississippi counties.

June 18—The Labor Department announces the results of a new study concluding that the affirmative hiring action criticized by the President has been very effective in promoting the hiring of blacks, Hispanics and women.

Economy

June 3—The Labor Department reports that the nation's unemployment rate fell from 10.1 percent to 10 percent in May.

June 10—The Labor Department reports that the producer price index for finished goods rose 0.3 percent in May, the 1st rise this year.

June 13—The Federal Reserve Board sets new minimum guidelines requiring 5 of the nation's largest banks to raise \$800 million in new capital funds.

June 17—The New York Stock Exchange's Dow-Jones industrial average sets a new record at 1,248.30.

June 21—The Commerce Department predicts a gross national product (GNP) growth rate of 6.6 percent for the second quarter of 1983.

June 22—The government reports that the consumer price index rose 0.5 percent in May, at a rate of 3 percent for the first 5 months of 1983.

June 28—The Commerce Department announces that the foreign trade deficit of \$6.9 billion in May establishes a single-month record.

The President says the administration is revising the

projected growth rate for the 4th quarter of 1983 to 5.5 percent.

June 29—The Commerce Department announces that the government's index of leading economic indicators rose 1.2 percent in May.

In its newly revised economic forecast for 1983-1984, the administration projects a national unemployment rate average of 9.6 percent; it warns that the inflation rate has stopped declining.

Foreign Policy

(See also *El Salvador; Germany, West; Grenada; Honduras; Nicaragua; Spain; Thailand; U.S.S.R.; Vietnam*)

June 1—The State Department says that the claim that "yellow rain" is bee excrement is false; the bee theory was expounded at a meeting of the American Association for the Advancement of Science yesterday.

Officials of the Agency for International Development announce that the U.S. has promised \$48.6 million in food to Peru and Bolivia because of severe flooding there.

June 2—Secretary of State George P. Shultz says that career officer Thomas R. Pickering will be named to replace Deane R. Hinton as Ambassador to El Salvador.

June 3—President Reagan announces that he will extend most-favored-nation status to Romania for another year; Romanian President Nicolae Ceausescu has pledged to drop a tax on prospective Romanian emigrants.

June 4—Secretary of Defense Caspar Weinberger charges that the Soviet Union is deploying nuclear warheads among its East European military allies.

President Ronald Reagan plans to name Jack F. Matlock, now Ambassador to Czechoslovakia, as his senior specialist in Soviet affairs.

June 6—President Reagan announces what he terms a more "relaxed" arms control talks position.

June 7—The U.S. orders the expulsion of 21 Nicaraguan consular officials and the closing of all Nicaraguan consulates in the U.S. because of Monday's expulsion of 3 American diplomats from Nicaragua.

June 8—Secretary Shultz says he sees no change in the Soviet attitude toward arms control that would justify a high-level meeting.

June 9—Army Chief of Staff General Edward C. Meyer says he opposes sending U.S. combat forces to El Salvador.

June 11—Shultz says that it is "aggravating" to deal with the French allies because of French ambiguity about the Atlantic Alliance.

June 12—U.S. special envoy to the Middle East Morris Draper says that the U.S. and the Soviet Union have had "serious discussions" about Lebanon.

June 14—Weinberger indicates that the American-Israeli understanding to cooperate against Soviet military threats in the Middle East can be revived.

Richard Stone, the President's special envoy to Central America, returns after a fact-finding trip with a statement of strong support for the Contadora group of nations—Mexico, Colombia, Panama, and Venezuela—in their effort to seek solutions to Central America's problems.

June 15—Shultz says the administration is trying "to engage Soviet leaders in constructive dialogue" and that an endless confrontation is not inevitable.

June 20—President Reagan warns that if his Central American policy is rejected, the U.S. faces an enormous wave of refugees.

June 21—In a letter to Senator Charles H. Percy (R., Ill.) made public today, Kenneth L. Adelman, director of the Arms Control and Disarmament Agency, states that the U.S. plans to deploy 100 MX missiles unless the Soviet Union agrees to abandon most of its 818 medium and heavy land-based missiles.

June 23—Lawrence S. Eagleburger, Under Secretary of State for Political Affairs, says that South Africa's apartheid system is "morally wrong."

Acting Secretary of State Kenneth W. Dam downplays Adelman's June 21 statement, saying that the U.S. might deploy MX missiles depending on "what the Soviets want to negotiate about."

June 25—In Manila on the 1st stop of a 4-nation trip, Shultz reaffirms U.S. support for Philippine President Ferdinand E. Marcos.

June 27—The U.S. Navy says the U.S. will pay the Marshall Islands \$183.7 million over 15 years for damages and injuries resulting from nuclear testing there 30 years ago.

U.S. officials say that as part of negotiations on "normalization" Cuba has offered to discuss the return of some of the Cuban refugees who arrived in the U.S. in 1980.

June 30—Shultz says that the U.S. will supply nuclear-reactor components to India if India finds no other suppliers, because of U.S. concern for the safety of the Tarapur reactors.

Speaking in California at a Republican fund-raising dinner, President Reagan warns that the safety of all U.S. citizens is at risk in Central America.

Labor and Industry

June 14—The 40,000 employees of Conrail offer to buy the railroad from the government; they estimate its value at \$2 billion. They plan to sell stock to the public.

June 15—The Washington State Supreme Court rules that contracts that bind local utility companies to pay off bonds that were used to build 2 nuclear power plants that have not been finished are not binding. The Washington Public Power System, which relied on the contracts, will appeal.

Legislation

June 16—The Senate votes its members a 15 percent salary increase, raising their annual pay to \$69,800, matching the pay of a member of the House; income from speeches and articles is to be limited to 30 percent of a Senator's salary, starting in January, 1984.

June 23—Despite the threat of a presidential veto, both Houses of Congress pass a 1984 budget that calls for higher taxes, lower military spending, and more domestic spending. The deficit is projected at between \$170 billion and \$179 billion; spending is estimated at \$849.6 billion for fiscal 1984.

June 29—Congress completes action and sends to the White House a \$14.1-billion appropriations bill that, among other provisions, bars further spending on the Clinch River breeder reactor until and unless private investors assume more of its cost.

Military

June 17—The Air Force launches an MX missile in a successful test flight for the 1st time.

June 23—The General Accounting Office warns that

major weapons systems are being deployed by the Defense Department without adequate testing.

June 29—Selective Service officials warn that the Selective Service System will send the names of 70,000 men who have failed to register for possible conscription to the Justice Department for prosecution.

Political Scandal

June 23—Responding to a congressional inquiry, White House Chief of Staff James A. Baker 3d and Budget Director David Stockman say they received and used one of President Jimmy Carter's briefing books in the 1980 presidential campaign.

June 27—President Reagan asks the Justice Department to conduct "vigorous monitoring" for evidence of illegality when it investigates the way his aides received President Carter's debate briefing material.

June 28—After the originals of a thick sheaf of papers obtained surreptitiously from the Carter White House are sent to the Justice Department, the White House releases copies to the press. President Reagan says he never saw the papers and has no idea how they were obtained.

June 30—The Justice Department announces it will open a formal investigation into how the Reagan campaign group secretly obtained debate strategy material prepared for President Carter.

Science and Space

June 13—Pioneer 10 leaves the area of the known planets and heads for the stars.

June 24—The space shuttle *Challenger* completes a successful 6-day mission; 1 of the 5 crew members is Sally Ride, the 1st U.S. woman astronaut to fly.

Supreme Court

June 6—The Court rules unanimously that the 3-year-old "windfall profits tax" on decontrolled crude oil is constitutional.

In an 8-0 decision, the Court rules that when the Nuclear Regulatory Commission is considering licensing individual nuclear power plants it need not take into account the environmental consequences of nuclear waste disposal.

June 15—In a 6-3 ruling, the Court rules that an Akron, Ohio, ordinance that puts obstacles in the path of a woman's access to abortion, including limits on second-trimester abortions, is unconstitutional. Laws in 21 states which have imposed limits on 2d trimester abortion are now unconstitutional.

June 23—In a 7-2 decision, the Court rules that Congress's so-called legislative veto is unconstitutional because it exceeds constitutional limits designed to protect the separation of powers. Legislative veto provisions, which often restrict the executive branch's powers, have been written into about 200 statutes during the last 50 years.

June 24—In a unanimous decision, the Court rules that the administration cannot revoke a federal requirement that new cars must be equipped with airbags or automatic seat belts.

June 27—In a 5-3 decision, the Court rules that a state may include the worldwide income of U.S.-based multinationals in calculating state tax liability.

June 28—Overturning a federal energy regulation, the Court rules 5 to 4 that natural gas pipeline companies may charge the maximum decontrolled price for gas

they produce from their own wells and transmit through their own pipelines.

In a 5-4 ruling, the Court says that a sentence of life imprisonment for a series of minor nonviolent crimes without possibility of parole constitutes cruel and unusual punishment and is unconstitutional.

June 29—The Court rules 5 to 4 that a state tax deduction for educational tuition is constitutional although parochial schools receive the most benefit from the tuition deduction.

VATICAN

(See *Poland*)

JULY, 1983

INTERNATIONAL

Arms Control

July 14—In Geneva, the discussions between the U.S. and the Soviet Union on reducing intermediate-range nuclear weapons in Europe adjourn without signs of progress; the talks are to be resumed September 6.

Contadora Group

July 17—In their 1st meeting since the founding of the Contadora Group, the Presidents of Mexico, Venezuela, Colombia and Panama express "profound concern for the rapid deterioration" of the Central American situation and ask for the removal of all foreign bases and advisers and a freeze on arms shipments.

July 28—The Contadora foreign ministers meet in Panama City with their counterparts from Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

July 30—The Contadora Group members and foreign ministers conclude a series of meetings without agreeing to any plan for bringing peace to Central America.

Iran-Iraq War

July 31—Iran radio reports the continuation of a new offensive in the Persian Gulf battlefield area of Iraq that began July 30; Iran claims major advances.

Madrid Conference on Security and Cooperation in Europe

July 15—The U.S. agrees to a compromise document on human rights; the almost 3-year-old conference expects to close shortly.

Middle East

(See also *Israel; Lebanon; U.S., Foreign Policy*)

July 1—The Palestine Liberation Organization (PLO) executive committee ends a 2-day meeting in Tunis and calls for a cease-fire among the rival factions of the group; it also makes plans to send a mediation team to the rival factions.

July 2—Lebanese sources report renewed fighting among PLO factions in the Bekaa Valley region of Lebanon.

July 21—PLO leader Yasir Arafat removes 2 senior commanders in eastern and northern Lebanon, apparently as a concession to the rebels.

July 24—Severe fighting breaks out in eastern Lebanon between PLO guerrillas loyal to Arafat and rebels opposed to his leadership.

Organization of Petroleum Exporting Countries (OPEC)

July 18—Nigeria commits itself to a reduction in oil ex-

VIETNAM

(See also *Australia; Thailand*)

June 2—An embassy spokesman in Bangkok says that the remains of 5 U.S. servicemen who were killed in Vietnam will be returned to the United States tomorrow.

ZIMBABWE

June 12—It is reported that the government has received information indicating that the 6 foreign tourists kidnapped in the western part of Zimbabwe last year were killed within 2 days of their capture by guerrillas opposing the government. ■

ports; it will conform to the ceiling set by the other OPEC nations in March. The 13 OPEC states decide to maintain price and production ceilings at least until October.

July 19—OPEC representatives postpone the appointment of a new secretary general until their next regular meeting in December.

United Nations

July 2—Developing nations at the U.N. Conference on Trade and Development (which meets only once every 4 years) pass a general resolution condemning "trade restrictions, blockades, embargoes and economic sanctions" taken by rich countries against developing nations.

ARGENTINA

July 2—Over 20,000 members of 12 political party youth organizations march through Buenos Aires; they are demanding an end to military rule.

July 27—A government spokesman reports that Interior Minister Llamil Reston told members of the major political parties that 200 members of the security forces have been detained for committing "internal war crimes" during the war on subversives in the 1970's.

BANGLADESH

July 8—Lieutenant General Hussain Ershad, the martial law administrator, announces that general elections will be held by March, 1985; Ershad staged a coup in 1982.

BRAZIL

July 13—Following the dictates of an austerity plan imposed by the International Monetary Fund, the government orders the indexation of the economy; indexation ties wages, taxes, rents and other consumer costs to the cost of living.

July 19—Carlos Langoni, the governor of the central bank, flies to the U.S. to seek \$3.6 billion in loans to keep up debt payments.

BURMA

July 21—It is reported that General Ne Win, the de facto head of state, has dismissed over 30 officials from the Cabinet, the intelligence services, the army and the diplomatic corps in the last 2 months.

CANADA

July 13—Government officials report that a committee of the General Agreement on Tariffs and Trade has

ruled that Canada violates world trade rules by putting too many restrictions on foreign investors.

July 15—External Affairs Minister Allan J. MacEachen announces that the government has approved a U.S. request to allow the U.S. to test cruise missiles over Canadian territory.

CHAD

(See also *France*)

July 25—2 U.S. military aircraft arrive with the 1st consignment of \$10 million in U.S. military aid.

CHILE

July 12—The 3d nationwide protest against military rule and economic hardship in 3 months takes place; earlier today, the president of the Christian Democratic party appeared in court to contest his arrest on July 9 for financing the publication of leaflets promoting today's protest.

July 30—The Supreme Court upholds a lower court's dismissal of charges against 6 political leaders arrested for organizing the July 12 protest.

CHINA

(See also *U.S., Foreign Policy*)

July 3—*Beijing Review* reports that nearly 2 million elderly officials have been replaced at the national and provincial government levels in the last year.

July 12—2 days of confidential talks with British delegates on the future of Hong Kong open in Beijing; Britain's lease on the colony expires in 1997.

July 23—The New China News Agency says that the government has protested to the U.S. because of a U.S. decision last week to sell Taiwan \$530 million in weapons.

CUBA

(See also *El Salvador*)

July 24—President Fidel Castro sends a letter to Mexican President Miguel de la Madrid Hurtado that endorses the idea of negotiated solutions to conflicts in Central America.

July 26—In a speech marking the beginning of the Cuban revolution, President Castro says that the U.S. is trying to create an "atmosphere of terror" around Nicaragua.

July 28—In an interview with reporters, Castro says that Cuba will halt military aid and withdraw its advisers from Central America if all countries now involved act accordingly.

EGYPT

July 21—Financial sources report that the government missed a payment of \$30.2 million on its \$2.1 billion military debt to the U.S.

July 22—Ashraf Ghorbal, the ambassador to the U.S., says the missed interest payment "will be paid—there is no question."

EL SALVADOR

(See also *U.S., Foreign Policy*)

July 9—Residents of the town of Nueva Granada report that leftist guerrillas executed 8 civil guards after rebels attacked the town on July 7 and 8.

July 22—*The New York Times* reports that only 2 of the country's 6 political parties are ready to participate in elections if they are held in December; the other parties say they are still not organized.

July 26—A report by the U.S. Agency for International Development (AID) says that the eviction rate for peasants who have received land under the land redistribution program is 8.5 percent.

July 27—In an interview with journalists in Washington, D.C., a former rebel commander, Arquimedes Canadas, says that Cuban military aides are directing the activities of the guerrillas and that most of the guerrilla headquarters are near Managua, Nicaragua.

July 30—President Alvaro Magaña says he doubts that elections can be held in December as requested by the U.S. because of lack of funds for the central voter registry and the "delay in passing the constitution."

ETHIOPIA

(See *Somalia*)

FRANCE

(See also *Israel*)

July 11—Government officials say that troops may be sent to Chad if the rebel forces become strong enough to overthrow the present government.

July 16—At least 6 people are killed and 48 injured in a bomb attack at the Orly airport; Armenian terrorists claim responsibility for the attack.

GERMANY, WEST

(See also *U.S.S.R.*)

July 18—Foreign Minister Hans-Dietrich Genscher urges the U.S. to reconsider an arms proposal made in 1982 (and rejected by the U.S. and U.S.S.R.); the proposal would allow the U.S.S.R. to deploy 75 SS-20 missiles and the U.S. to deploy 75 cruise missiles and no Pershing II missiles.

July 27—Returning from his trip to East Europe, Bavarian premier Franz Josef Strauss tells a news conference that the East German government is ready to discuss the easing of restrictions on the border between East and West Berlin.

GREECE

July 15—The government announces that it has reached an agreement with the U.S. on the use of military bases in Greece; the agreement gives the U.S. the right to operate the bases for the next 5 years and includes an increase in U.S. military credits for Greece.

July 16—The government says that the agreement on U.S. military bases does not permit their existence beyond the 5-year period.

GUATEMALA

July 7—The Catholic Bishop Próspero Penados del Barrio says that Pope John Paul II sent a message to President Efraín Ríos Montt yesterday asking the President to stop the execution of prisoners ordered by secret military courts.

HONDURAS

(See also *U.S., Foreign Policy*)

July 1—A spokesman for the armed forces says that combat troops are being moved to the Nicaraguan border because of border fighting; he also says that supplies are being airlifted to border villages isolated because of the fighting.

INDIA

(See also *U.S., Foreign Policy*)

July 23—The country's 1st domestically built nuclear reactor is activated.

IRAN

(See *Intl, Iran-Iraq War; U.S., Foreign Policy*)

IRAQ

(See *Intl, Iran-Iraq War*)

ISRAEL

(See also *Lebanon; Nicaragua; U.S., Foreign Policy*)

July 6—Foreign Minister Yitzhak Shamir tells visiting French Foreign Minister Claude Cheysson that Syrian President Hafez Assad will be making a "big mistake" if he thinks Israel can be forced to withdraw its troops from Lebanon.

July 8—The mayor of Hebron and the city council are dismissed by the West Bank military authorities after a Jewish student is knifed to death in the city.

July 19—Prime Minister Menachem Begin tells U.S. President Ronald Reagan that he is canceling his trip to the U.S. next week for "personal reasons."

July 20—The Cabinet unanimously approves plans for the withdrawal of Israeli troops in southern Lebanon to a more secure position in Lebanon; Defense Minister Moshe Arens says there will be no withdrawal of Israeli troops from the eastern part of Lebanon until the Syrians leave that area.

July 26—Foreign Minister Shamir and Defense Minister Arens meet U.S. Secretary of State George Shultz in Washington, D.C.; talks center on achieving the eventual withdrawal of all troops from Lebanon.

3 Arab students are killed and 33 others are wounded by masked gunmen on a college campus in Hebron on the occupied West Bank.

ITALY

July 8—Mehmet Ali Agca, a Turkish terrorist serving a life sentence for trying to kill Pope John Paul II, tells a group of journalists that the Bulgarian secret police and the Soviet Union's KGB (secret police) were behind his assassination attempt.

JAPAN

July 12—The Cabinet of Prime Minister Yasuhiro Nakasone approves a 6.88 percent increase in military spending; at current exchange rates, this means an increase in the defense budget from \$11.5 billion to \$12.3 billion.

JORDAN

(See *Lebanon*)

KENYA

July 7—Charles Njonjo is suspended from the ruling Kenya African National Union (KANU); last week he was suspended as Minister of Constitutional Affairs by President Daniel arap Moi.

LEBANON

(See also *Intl, Middle East; Israel*)

July 15—In the heaviest fighting in Beirut since last fall, army troops clash with Shiite Muslim militiamen; 5 people are killed and 21 are wounded.

July 19—President Amin Gemayel says that he met with Jordan's King Hussein to coordinate policies on the crisis in Lebanon.

July 20—Christian Phalangists claim that Syrian forces are responsible for the artillery attack on Christian East Beirut this morning; 3 people were killed.

July 22—21 people are killed in fighting between Christian militiamen and Druse forces near the Beirut International Airport.

July 23—Walid Jumblat, the head of the Druse in Lebanon, announces that he has formed an opposition alliance with 2 other leaders against the government of President Gemayel; former President Suleiman Franjeh and former Prime Minister Rashid Karami are the other members.

July 24—President Gemayel says the new opposition alliance announced yesterday is not a threat to his government.

July 28—The Israeli army orders the closing of a Christian Phalangist office and barracks in southern Lebanon; Phalangist officials claim that Israel will order the closing of all Phalangist party and military bases south of the Awali river.

LIBERIA

July 27—General Samuel K. Doe, head of the military government, announces that he will return the country to civilian rule by April 12, 1985.

LIBYA

(See also *U.S., Foreign Policy*)

July 31—The Foreign Ministry issues a report denying that any Libyan military personnel are involved in the fighting in Chad.

MEXICO

(See also *Cuba*)

July 4—The Finance Ministry says that stockholders in banks that were nationalized last year will receive interest-bearing bonds to cover their losses.

July 11—Official returns from yesterday's elections show that opposition parties won in 12 northern cities, including 2 state capitals; although the ruling Institutional Revolutionary party (IRP) won majorities in municipal and state legislature races, the losses represent the worst defeat for the IRP in 54 years.

NICARAGUA

(See also *U.S., Legislative Action*)

July 10—Interior Minister Tomás Borge Martínez charges that the U.S. is shipping a large quantity of weapons to Honduras.

July 17—In a report in *The New York Times*, refugees from Nicaragua living in Costa Rica say that the Sandinist government has increased its political and physical harassment of Indians and Creoles living along the Caribbean coast.

July 19—On the 4th anniversary of the revolution, the government says that it is ready to participate in international talks on the situation in Central America.

July 20—U.S. government sources report that Israel is secretly shipping arms captured from the Palestine Liberation Organization (PLO) to rebels fighting the Nicaraguan government.

NIGERIA

(See *Intl, OPEC*)

PAKISTAN

(See *U.S., Foreign Policy*)

PHILIPPINES

July 8—President Ferdinand E. Marcos threatens to remove all U.S. bases if the U.S. Congress refuses to

approve \$900 million in rent for the installations.

July 25—President Marcos promises the enactment of an impartial election code to allow political opponents a chance to take part in parliamentary elections scheduled for 1984.

POLAND

(See also *U.S.S.R.*)

July 20—The Parliament grants the government new powers, including the right to impose a state of emergency and to reimprison members of the banned trade union *Solidarity*. The Parliament also extends some martial law curbs for 18 more months.

July 21—The government announces the suspension of martial law, instituted 19 months ago in order to eliminate *Solidarity*.

July 25—The Justice Ministry announces that at least 53 political prisoners have been released under a new amnesty program.

July 28—The Parliament approves new amendments to the penal code that prohibit membership in banned organizations and organizing or leading illegal protests.

PORTUGAL

July 27—In Lisbon, 7 people are killed after Armenian terrorists blow up the residence of the Turkish ambassador; the terrorists were part of the Armenian Revolutionary Army.

SAUDI ARABIA

(See *U.S., Foreign Policy*)

SOMALIA

July 17—The government reports that it has repulsed an invasion of Ethiopian troops that began yesterday.

SOUTH AFRICA

July 4—The head of the South African Press Association and 2 newspaper editors report that the police are investigating them for reports they published on police brutality.

SRI LANKA

July 27—Rioting continues to spread to other cities; it began on July 24 in the capital city of Colombo. The government says that "organized groups" are responsible for the violence that has left 50 dead.

July 28—Government troops kill 7 people at a crowded railroad station when they fire at suspected terrorists.

July 30—The government bans 3 Marxist parties; yesterday 33 people were killed in demonstrations.

SYRIA

(See *Israel; Lebanon; U.S., Foreign Policy*)

TURKEY

(See *Portugal*)

U.S.S.R.

(See also *Intl, Arms Control; Italy; U.S., Foreign Policy*)

July 5—Polish leader General Wojciech Jaruzelski is awarded the Soviet Union's highest award, the Order of Lenin, at a ceremony in Moscow.

President Yuri Andropov tells visiting West German Chancellor Helmut Kohl that the deployment of U.S. intermediate-range nuclear missiles would create a se-

rious new military threat for West Germany and damage its relations with Moscow.

July 13—The government issues figures showing that industrial production grew by 4.1 percent in the 1st 6 months of 1983, compared with 2.7 percent in the same period last year.

U.S. government officials report that the U.S.S.R. has promised to release some political dissidents by the end of the year.

July 16—U.S. State Department officials in Moscow report that the Soviet government has given permission to emigrate to the Pentacostalists who lived for 5 years in the U.S. Embassy.

July 23—6 U.S. citizens and a Canadian, members of the environmental protest movement Greenpeace, are released after they are arrested for illegally landing at and photographing a Soviet whaling station in Siberia.

July 26—Government and party officials announce a new economic "experiment" that is designed to provide greater autonomy for plant managers, thereby lessening central controls.

July 31—*The New York Times* reports that the Soviet press has reported that Deputy Prime Minister Ignati T. Novikov has left his post to go into retirement.

UNITED KINGDOM

Great Britain

(See also *China*)

July 13—The House of Commons defeats a motion to restore the death penalty for terrorism and other crimes by a vote of 361 to 245.

UNITED STATES

Administration

July 5—President Ronald Reagan orders 4 years of trade protection for American producers of specialty steel, doubling the tariffs on certain competitive foreign steel products the first year.

July 7—Administrator of the Environmental Protection Agency (EPA) William D. Ruckelshaus receives a formal proposal from the chemical industry that suggests the industry play a prominent part in cleaning up toxic waste dumps.

July 8—In Washington, D.C., a U.S. appeals court rules that the administration cannot legally require federally financed family planning clinics to notify the parents of women under 18 who are given contraceptives.

July 11—The Federal Food and Nutrition Service, administering the food stamp program, warns states to prepare for an across-the-board decrease in food stamps toward the end of fiscal 1983 (September 30). This is the first warning of a possible cut since the program started in the 1960's.

July 12—The EPA tells the citizens of Tacoma, Washington, that a new proposed standard controlling arsenic emissions will entail cancer risks to the region but will preserve jobs in the copper industry. A series of public hearings will be held to hear citizen reaction to the EPA plan.

Opposing a bill supported by civil rights groups, the President asks Congress to give the Department of Housing and Urban Development increased power to enforce the law against housing discrimination.

July 15—The Nuclear Regulatory Commission (NRC) postpones an order issued yesterday to close 5 nuclear plants within 30 days to allow inspection for microscopic flaws in pipes carrying cooling water. The NRC is waiting for the results of an industry study.

Speaking at the close of the annual convention of the National Association for the Advancement of Colored People, Vice President George Bush is booed as he tries to explain that the administration is sensitive to black Americans' problems.

The White House Science Council reports that the federal laboratory system has "serious deficiencies" that "limit the quality of its work and the nation's ability to compete against foreign technological research."

July 19—In San Francisco, a U.S. appeals court upholds the constitutionality of draft registration and reinstates an indictment against a man who refused to register.

July 22—Former EPA official Rita M. Lavelle is found not guilty of contempt of Congress in a U.S. district court in Washington, D.C. Lavelle was fired from her post as head of the EPA's toxic waste program February 7.

July 27—Interior Secretary James Watt removes 2.5 million acres of public land under control of his department from the so-called "privatization" program of selling off federal land.

The Federal Communications Commission (FCC) approves rules that will end long distance telephone service subsidies to local services starting in January, 1984; in effect, this will add \$2 to \$6 to a monthly local phone bill.

July 28—President Reagan signs an executive order establishing a 20-member panel, the Commission on Organized Crime, to analyze and determine methods to combat organized crime; Judge Irving R. Kaufman of the U.S. Court of Appeals for the Second Circuit heads the panel.

Civil Rights

July 7—The Department of Education rejects the public college and university desegregation plans of Georgia, Oklahoma, North Carolina, Florida and Arkansas and gives the states until August 15 to submit revised desegregation plans to avoid a possible cut-off of federal education funds.

July 11—The Justice Department files suit in U.S. district court in Birmingham against Alabama officials and the state's Education Department for maintaining a "dual system" of public colleges for whites and blacks and for not taking "affirmative steps" to replace the system of "racial segregation."

Economy

July 8—The Labor Department reports that the nation's unemployment rate, including employment in the armed services, declined to 9.8 percent in June; the civilian rate alone declined to 10 percent.

July 15—The Labor Department reports that its producer price index rose 0.5 percent in June.

July 20—In testimony before Congress, Federal Reserve Board chairman Paul A. Volcker says that the board will allow the nation's basic money supply (M-1) to rise at a more rapid rate for the rest of the year.

July 21—The Commerce Department reports that the gross national product (GNP) grew at an annual rate of 8.7 percent in the second quarter of 1983.

July 22—The Labor Department reports that its consumer price index rose 0.2 percent in June, and only 2.6 percent in the last 12 months.

July 29—The Commerce Department reports that its index of leading economic indicators rose 1.0 percent in June.

Foreign Policy

(See also *Intl, Arms Control, Madrid Conference; Canada; Chad; China; Cuba; Egypt; Germany, West; Greece; India; Israel; Nicaragua; Philippines; U.S.S.R.; U.S., Legislative Action*)

July 1—Secretary of State George Shultz concludes 2 days of talks with Indian leaders in New Delhi aimed at strengthening U.S.-Indian relations.

July 2—Secretary Shultz arrives in Islamabad, Pakistan, for 2 days of conferences about the Soviet presence in Afghanistan.

July 4—Secretary Shultz arrives in Jidda, Saudia Arabia, on the first leg of a 4-nation Middle East trip.

July 5—Shultz arrives in Syria for talks on the withdrawal of foreign troops from Lebanon.

July 6—On his arrival in Jerusalem, Shultz reports that Syrian President Hafez Assad continues to oppose any negotiations leading to a withdrawal of Syrian forces from Lebanon.

July 7—In Cairo, before leaving for Washington, D.C., Shultz says that his Middle East trip produced no "substantive achievement."

July 10—Richard B. Stone, U.S. special envoy to Central America, returns to the U.S. after rebels in El Salvador refuse to meet with him.

July 15—The Defense Department tells Congress it plans to sell some \$530 million in arms to Taiwan.

July 18—President Ronald Reagan names former Secretary of State Henry Kissinger to head a bipartisan presidential commission to "lay the foundation for a long-term unified national approach" to U.S. policies toward Central America.

July 19—President Reagan names the 12 members of the commission on Central America; he asks for a report by December 1 to detail the "threats" to U.S. interests in the region.

July 20—In the State Department recertification report on El Salvador, Secretary Shultz says that progress toward improvements in human rights is "disturbingly slow."

July 21—Acting President of American University in Beirut David S. Dodge, who was kidnapped July 19, 1982, is freed; the White House expresses gratitude for the aid of Syria in freeing Dodge.

July 22—President Reagan replaces chief Middle East negotiator Philip C. Habib with deputy national security adviser Robert McFarlane.

July 25—After conferring with President Reagan, Henry Kissinger says that his special commission on Central America is not likely to finish its work until February, 1984.

A senior Department of Defense official, briefing reporters on condition that he remain unidentified, says that Army, Marine and Navy military maneuvers are scheduled to begin in Honduras this week.

July 26—In a nationally televised news conference, President Reagan says that the U.S. is "not seeking a larger presence" in Central America.

The U.S. State Department warns Iran that "an attempt by any outside force to gain control of the Persian Gulf region . . . will be repelled by any means necessary, including military force."

July 28—Secretary of Agriculture John R. Block announces a U.S.-Soviet agreement under which the Soviet Union is committed to buy at least 9 million metric tons of American grain in each of the next 5 years and may buy as much as 12 million metric tons.

July 29—President Reagan says he will give Cuban Pres-

ident Fidel Castro "the benefit of the doubt" for his statement that Cuba will not send more military aid to Nicaragua provided all other countries do the same.

July 31—Special presidential trade representative Bill Brock confirms that the U.S. and China initialed a new 5-year agreement on Chinese textile exports in Geneva on July 30.

The State Department charges Libya with bombing raids against the town of Faya-Largeau, Chad, to aid rebels against the government of Chad.

According to Colombian President Belisario Betancur, Richard B. Stone, President Reagan's special envoy to Central America, met in Colombia with Rubén Zamora, a director of the Salvadoran rebel Democratic Revolutionary Front. Stone then met with the 9-member ruling Political Commission in El Salvador.

Labor and Industry

July 25—Speaking for the Washington Public Power Supply System, John Britton announces that nuclear power projects 4 and 5 of the Northwest power system are in default; thousands of investors hold bonds that have lost most of their value.

Legislative Action

July 13—With a 50-49 vote in which Vice President George Bush cast the deciding ballot, the Senate approves the authorization of \$130 million for the production of new nerve gas bombs and shells.

In a 68-30 vote, the Senate authorizes \$6.2 billion to purchase B-1 bombers to replace the aging B-52's.

July 16—According to the Congressional Budget Office, no reduction in nonmilitary spending is envisaged by Congress in its budget resolution for fiscal 1984.

July 19—For the 4th time in more than 150 years, the House meets in closed session to discuss Central America.

July 20—The House of Representatives formally censures Daniel B. Crane (R., Ill.) and Gerry E. Studds (D., Mass.) for having sexual relations with congressional pages.

July 26—Voting 58 to 41, the Senate authorizes the production of the first group of 27 MX missiles after an 11-day filibuster; then, voting 85 to 13, the Senate approves the entire military authorization bill of \$200 billion for fiscal 1984.

July 27—The Senate, 84 to 16, confirms Paul Volcker as head of the Federal Reserve Board for another 4-year term.

July 28—The House votes 228 to 195 to adopt an amendment to the act authorizing funds for intelligence activities during fiscal year 1983; the amendment would bar covert aid to the rebels fighting the Nicaraguan government.

The House votes 392 to 18 and the Senate votes 90 to 7 to approve a compromise bill that repeals a 1982 tax provision authorizing the withholding of income tax from interest and dividend payments. The provision would have become effective August 5.

July 30—President Reagan signs a \$7.1 billion supplemental appropriations bill that includes \$1.2 billion for the food stamp program and annual senatorial pay raises of \$9,138; on July 29, the House passed the bill, voting 257 to 133, and the Senate voted 49 to 25 to pass it that same day.

Military

July 13—The Inspector General of the Defense De-

partment reports to Congress that there have been enormous increases in the price of spare parts for aircraft engines bought by the military services; some increases total more than 1,000 percent.

Political Scandal

(See also *Legislative Action*)

July 1—The Federal Bureau of Investigation (FBI) says it will probably interview Reagan administration officials in the course of its investigation into the 1980 presidential campaign and alleged campaign abuses on the part of Reagan aides.

July 5—Director of the Central Intelligence Agency William J. Casey denies categorically that he obtained President Jimmy Carter's debate briefing tapes for the 1980 campaign debate between President Carter and Republican presidential nominee Ronald Reagan.

July 8—President Reagan orders all members of his administration to cooperate with the FBI.

July 18—Edwin Meese 3d and Michael K. Deaver, top White House aides, deny any knowledge of political espionage in the 1980 presidential campaign.

Supreme Court

July 1—The Supreme Court rules 6 to 3 that securities analyst Raymond Dirk did not misuse confidential information when he warned several clients that the Equity Funding Corporation was on the verge of collapse after he learned it was involved in fraud.

July 5—The Court rules 6 to 3 that the employment of a paid chaplain to conduct prayers in a state legislature is not an unconstitutional establishment of religion.

July 6—The Court rules 5 to 4 that employer-sponsored retirement plans that give men and women unequal pension benefits are violations of the federal law against sex discrimination.

VATICAN

(See *Guatemala; Italy*)

YUGOSLAVIA

July 30—Prime Minister Milka Planine asks Parliament to approve a plan that would reduce the government's intervention in the economy; the plan has been approved by the ruling Communist party. ■

BOOK REVIEWS

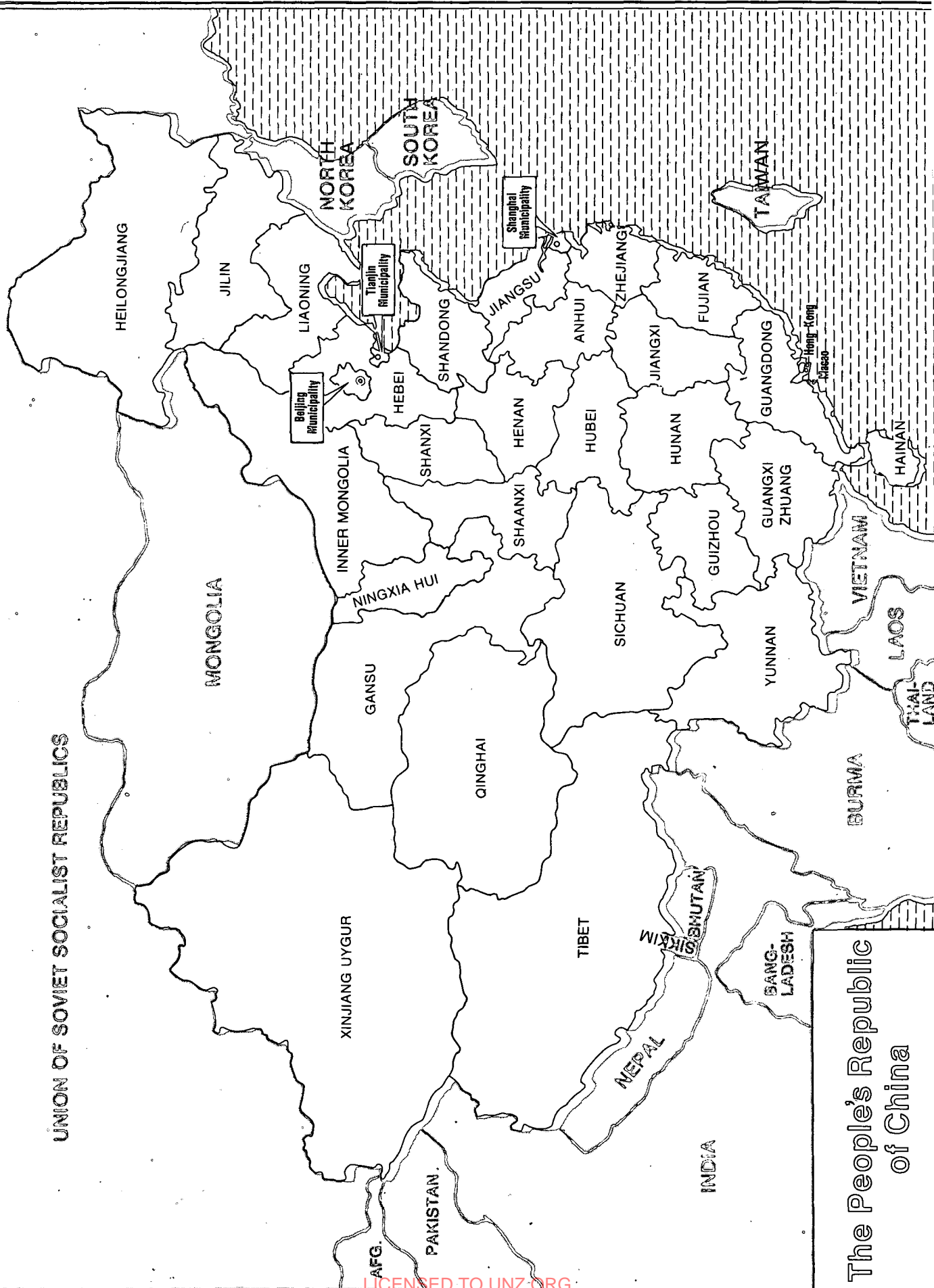
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MISCELLANEOUS

FINAL PLACEMENT: A GUIDE TO THE DEATHS, FUNERALS AND BURIALS OF NOTABLE AMERICANS. By Robert B. Dickerson. (Algonac, Mich.: Reference Publications, Inc., 1982. 250 pages, photographs and index, \$19.95, cloth.)

THE TELEPHONE COLLECTION: A REFERENCE BOOK FOR COLLECTORS. By John J. Dommers. (Madison, Ct.: John J. Dommers, 1983. 175 pages, photographs and illustrations, \$24.95.) ■

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